

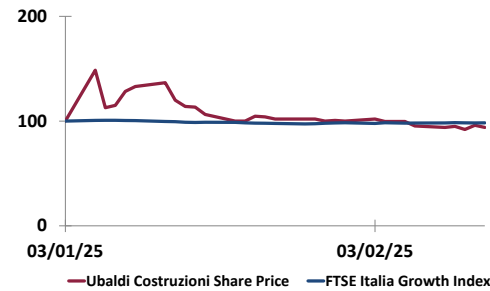
UBALDI costruzioni S.p.A.

OUTPERFORM

Current Share Price (€): 2.82

Target Price (€): 4.70

Ubaldi Costruzioni - Performance since IPO



Source: S&P Capital IQ - Note: 03/01/2025 (IPO offer price)=100

Company data

ISIN number	IT0005628158
Bloomberg code	UBA IM
Reuters code	UBA.MI
Industry	Construction
Stock market	Euronext Growth Milan
Share Price (€)	2.82
Date of Price	14/02/2025
Shares Outstanding (m)	9.6
Market Cap (€m)	27.1
Market Float (%)	21.9%
Daily Volume	1,400
Avg Daily Volume since IPO	12,442
Target Price (€)	4.70
Upside (%)	67%
Recommendation	OUTPERFORM

Share price performance

	IPO
Ubaldi Costruzioni - Absolute (%)	41%
FTSE Italia Growth Index (%)	-2%
IPO Range H/L (€)	4.46 2.76
IPO Change (€) / %	0.82 41%

Source: S&P Capital IQ

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Ubaldi Costruzioni: A Solid Foundation for Growth

We initiate coverage of Ubaldi Costruzioni: **OUTPERFORM** rating, Target Price €4.7 per share. Ubaldi Costruzioni, listed on Euronext Growth Milan since January 2025, is specialized in construction of public infrastructures, industrial, corporate and residential buildings in Central Italy. Its niche expertise includes seismic restraints, maritime, and river works. As of October 2024, the backlog is €176m and is composed of 46 projects, mainly in roadworks and civil construction.

Operations, works and specializations. Ubaldi Costruzioni operates both as a general contractor or within temporary grouping of companies (ATI), for public and private tenders. The portfolio of specializations encompasses buildings construction, roadworks, aqueducts, gas and oil pipelines, maritime and river works, technological systems, special structural equipment, road barriers, structural construction, sewage plants, demolition. Customers are fairly balanced between public and private contractors.

National Recovery and Resilience Plan building growth momentum within next decade. The Italian construction industry, fueled by NRRP funds supported by EU, is engaged in the largest infrastructure development and requalification plan of the last decades in its history. Main targets are energy transition and enhancement of airports, road networks, and railways, while a large proportion of existing national infrastructure, such as bridges, power grids and buildings, has a gap to fill and would need repair or replacement.

Target Price €4.70 per share, OUTPERFORM rating

Regardless of industry traits of volatility, Ubaldi has a solid track record and backlog of around €176m, to which new orders intake is to be added, also considering the NRRP favorable environment. We see continued ability to execute investment programs across segments and acquisitions to expand the service portfolio. We have performed the valuation process through our DCF model applied to FY 2024-27E and EV/EBITDA 25-26E. We initiate Ubaldi Costruzioni coverage with an OUTPERFORM rating and target price per share of €4.70, +135% on €2.00 IPO offer price and with a potential upside of 67% on current stock price.

KEY FINANCIALS AND ESTIMATES

€m	2023	2024E	2025E	2026E	2027E
Total Revenues	24.9	32.8	44.2	45.0	50.6
YoY %	71.5%	31.6%	34.6%	1.9%	12.3%
EBITDA	3.7	5.7	8.5	8.7	9.8
Margin	14.8%	17.3%	19.3%	19.3%	19.3%
Net Income	2.0	3.6	5.5	5.6	6.3
Margin	7.8%	11.0%	12.5%	12.4%	12.4%
Trade Working Capital	4.7	15.1	20.4	22.5	25.0
Net Debt (Cash)	0.5	3.0	(1.9)	(5.5)	(9.8)
Equity	7.3	10.9	20.6	26.2	32.5

KEY RATIOS

TWC/Sales	19%	46%	46%	50%	49%
Operating cash flow before capex/EBITDA	0%	neg	25%	56%	57%
ROE	18%	40%	35%	24%	21%

Source: Company data 2023A, EnVent Research 2024-27E

1. INVESTMENT CASE

Company

Ubaldi Costruzioni S.p.A. is an Italian firm specialized in construction of public infrastructures, industrial, corporate and residential buildings, also in niche segments such as marine and river works and the assembly of seismic restraint devices.

Work and specializations:

- Buildings construction
- Roadworks
- Aqueducts, gas and oil pipelines
- Maritime and river works
- Technological systems
- Special structural equipment
- Road barriers
- Structural construction
- Sewage plants
- Demolition
- Seismic restraints

FY23 pro forma key figures:

- Revenues: €25m
- Customer base breakdown: public (52%), private (48%)
- EBITDA: €3.7m (15% on revenues)
- Net income: €2m (8% on revenues)
- Net debt: €0.5m

Backlog as of October 31st, 2024: €176m

Opportunity

The construction industry is engaged in the largest infrastructure development and requalification plan of the last decades. European Union funded National Recovery and Resilience Plan - NRRP foresees €195bn investment in Italy by 2032 across different areas, representing a unique opportunity to extend and upgrade critical nationwide infrastructures and properties (Source: *Italia Domani website*).

Value proposition

Ubaldi Costruzioni comprehensive and diversified track record of public tenders awarded in the past decades and relevant certifications, which qualify to participate in a wide range of tenders, establish competitive advantages by shortening chances for other bidders in an increasingly competitive environment.

Drivers

Industry drivers

NRRP funds to transform Italy. The NRRP supported by EU funding, represents for Italy the largest investment in infrastructure in its history, nearly €25bn by 2032. Key targets are energy transition and modernization of airports, road networks and railways. Another substantial commitment for the industry is the urge to complete works in the areas impacted by earthquakes, where there have been serious delays in financing and executing re-construction of communication infrastructure and damaged private buildings (Source: *Italia Domani website*).

Maintenance services, a gap to fill across infrastructures. Maintenance is what keeps critical infrastructures safe and properly running. It also ensures that the infrastructure lasts for as long as possible, delivering a good return on collective investments. A large proportion of existing national infrastructure, such as bridges, power grids and buildings were built shortly before or not long after the end of WWII. This means much of today's key infrastructure is nearing the end of its lifespan, and will soon be, in need of repair and replacement.

Permanent appeal of the residential market. Diversification in the type of housing offers opportunities going forward: demand for multi-family properties, student-housing and new formats like co-living. Senior housing, such as assisted care and living facilities, are experiencing investment interest, also supported by long-term demographics. Overall, residential assets have proven their resilience.

Sustainability as a priority. Preserving resources and environmental concerns are more than ever crucial factors in the analysis of real estate projects. Climate change is in the spotlight and ESG is now secured as a long-term priority for investors and tenants. Industry players are called to contribute in reducing the climate impact and mitigating environmental risks.

Company drivers

Experience and execution. Experience and a successful track record of project execution are critical factors when bidding for public work tenders and can be a key determinant of public procurement committees decision making process. Proven expertise and successful delivery of previous assignments are a door opener for the tenders and, ultimately, drive award of projects, as testified by the regular flow of new work from top customers in recent years.

A balanced specializations portfolio. Ubaldi Costruzioni is specialized in works across various areas such as buildings construction, roadworks, aqueducts, maritime and river works. The variety of specializations enables to deliver a consistent service offering while representing a balanced portfolio approach.

ESG and sustainability. Quality and sustainability are not just the *raison d'être* of Ubaldi supply to its customers, but also drive its management along the whole supply chain. Ubaldi is ISO 39001 (Road Risk Management System), ISO 9001 (Quality Management Systems), ISO 14001

(Effective Environmental Management System), ISO 45001 (Occupational Health and Safety Management System) and ISO 37001 (Anti-bribery Management System) certified.

SOA certified. Ubaldi has 13 SOA certifications, crucial to compete in the industry and secure tenders, required for various classes and sizes of tenders for public works.

Regional Marche market so far, potential expansion. So far, revenues have been concentrated in Marche area. Central Italy regions could represent an additional target market.

Industry experts, management-shareholders alignment of interests. The CEO Massimo Ubaldi is the only owner of the Company, directly involved in the Company's operations and execution of the growth strategy, leveraging on more than 35 years background and industry expertise.

M&A to expand the portfolio. Acquisition of maritime and river works under consideration.

Reliable cash collection track record. The construction sector is often affected by delayed payments and collection risks, which can put pressure on financial stability and cash flow. However, in recent years, Ubaldi has received timely payments from its clients, with no significant delays in collections.

Challenges

Intense competition, low barriers. The competitive arena, populated by both large players with nationwide reach and a number of smaller local firms with experience in their territories is a permanent feeder of fierce competition. Barriers to entry are generally low/medium, however, specific domain knowledge, certifications and track record may represent barriers to new entrants.

Infrastructure investment cycles. Macroeconomic cycles are a determinant of changes to private sector infrastructure spending or to government public infrastructure capex budgets. Demand is growing, but at the same time it is vulnerable due to economic downturns and changes in private investments and government infrastructure financing and spending, which may result in customers delaying, curtailing or cancelling proposed and existing projects. Operation and maintenance contracts on completed projects may represent a mitigation factor.

Delays or claims in projects might impact future tender awards. Among other things, tender awards in infrastructure maintenance are highly dependent upon a good track record. A potential delay in projects or claims could have negative implications in the award of new tenders.

Execution delivery risk. Delivering services which are not in line with contractor expectations due to cost/time overruns, and quality issues, may impact margins and reputation.

Ongoing headwinds for geopolitical instability and inflationary pressures. In the last decade, low interest rates and increased funding activities have triggered prices, especially in the residential market segment. Uncertainty in interest rates may become a challenge for investors and private property buyers. Geopolitical risks may impact market dynamics and governments influence in economies. Current uncertainties may also counterbalance the real estate perception as defensive investment.

Delay on accounts receivable collection. The construction industry is notorious for delayed payments and collection risk, which could put significant financial stress on the business and deeply impact cash flow.

Cyclical industry, opportunity to extend operations outside national market. Construction investments follow general economic cycles, as a result most players tend to extend operations outside their country. Different construction cycles in other regions may help to mitigate the volatility in the domestic market and allow to benefit from stronger growth prospects elsewhere.

2. PROFILE

Longstanding experience within the construction industry

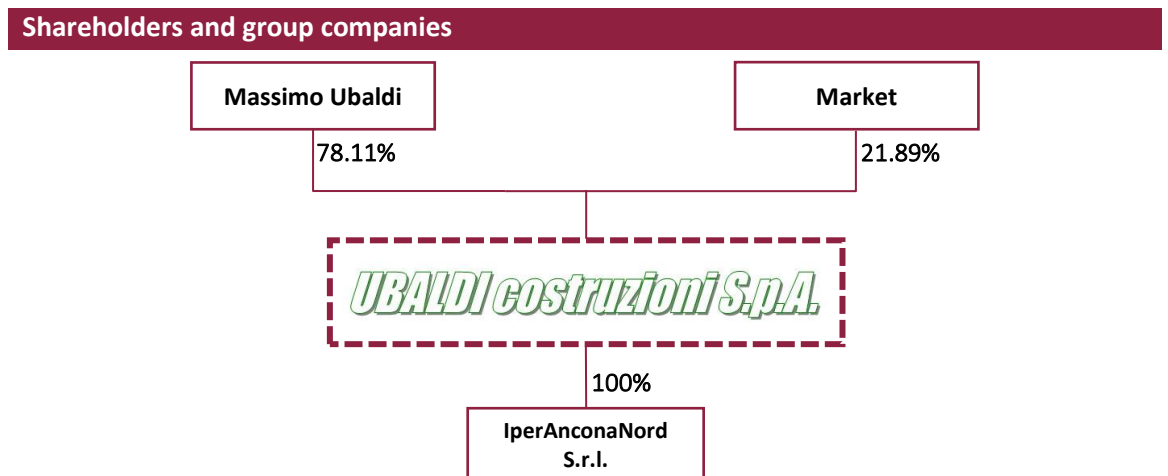
With a track record of over 75 years, Ubaldi Costruzioni S.p.A. is an Italian firm based in Maltignano (Marche region), specialized in construction of public infrastructures, industrial, corporate and residential buildings in Central Italy. Niche competencies are in seismic restraints, maritime and river works.

Ubaldi Costruzioni has 13 SOA qualifications, crucial to compete in the industry and secure tenders, authorizing the Company to participate in selected public tenders, classified by category and amount.

As of October 31st, 2024, the Company has a backlog of €176m, almost all in roadworks and civil construction, divided into 46 orders (mostly in buildings construction and roadworks) to be fulfilled over the four years. The workforce consists of around 40 employees.

Certifications	
Certificate	Description
SA8000:2014	Social certification standard for factories and organizations across the globe
UNI/PdR 125:2022	Guidelines on management system for gender equality
UNI ISO 39001:2016	Management standard for road risk reduction for any organization
UNI EN ISO 9001:2015	Globally recognized standard for quality management
UNI EN ISO 14001:2015	Internationally agreed standard that sets out the requirements for an environmental management system
UNI EN ISO 45001:2018	International standard that specifies requirements for an occupational health and safety (OH&S) management system
UNI ISO 37001:2016	Anti-bribery management systems - Requirements with guidance for use

Source: Company data



Source: Company data

IperAnconaNord owns a 100,000 square meter greenfield land for the construction of a commercial structure, once a suitable customer would be identified. Current market value €3.5m.

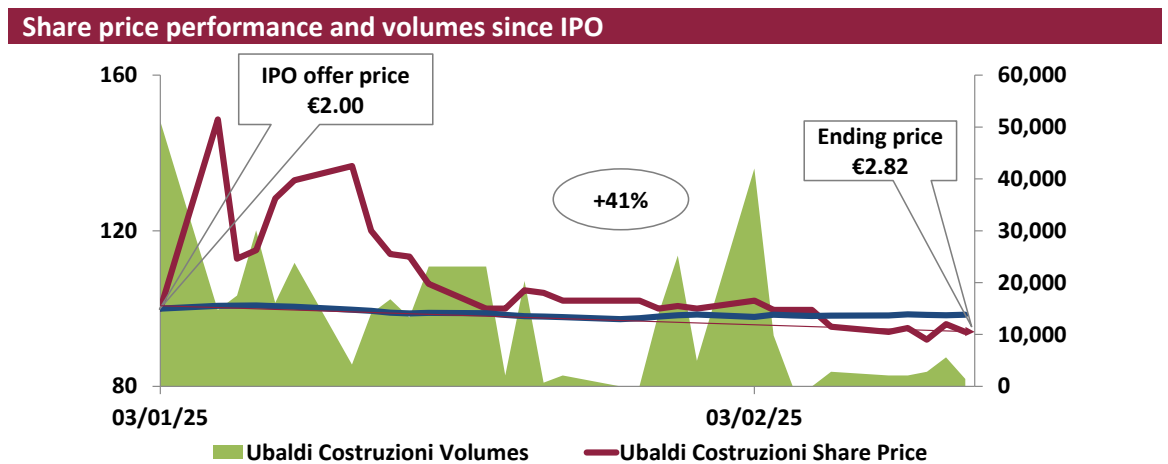
Key people	
<p>Massimo Ubaldi CEO</p>	<ul style="list-style-type: none"> • CEO and shareholder • Chairman at ANCE (Construction entrepreneurs association) Ascoli 2017 - Current • Vice chairman at ANCE Marche region 2017 - Current • Chairman of National ANCE from 2009 to 2016
<p>Gaetano Costantini CFO</p>	<ul style="list-style-type: none"> • Chief Financial Officer since 2024 • Past experiences in manufacturing, energy, automotive, pharma and IT sectors

Source: Company data

IPO and stock market performance on Euronext Growth Milan

Ubaldi Costruzioni on Euronext Growth Milan	
Stock market	Euronext Growth Milan
Bloomberg code	UBA IM
Reuters code	UBA.MI
IPO date	03/01/2025
Offer Price (€)	2.00
Money raised (€m)	4.2
Market Cap at IPO (€m)	19.2
Free float at IPO	16.7%
Ordinary shares - ISIN number	IT0005628158
Ordinary shares outstanding	9,602,100
Current Share Price (€)	2.82
Current Market Cap (€m)	27.1

Source: Company data and S&P Capital IQ, update: 14/02/2025



Source: S&P Capital IQ - Note: 08/08/2024 (IPO offer price)=100

3. INDUSTRY INSIGHTS, MARKET TRENDS AND OUTLOOK

Industry definition and segmentation

Construction

The construction and construction materials firms primarily derive their revenue from making residential and non-residential buildings, transport, energy and environment-related infrastructure, industrial facilities, power plants and oil platforms, management of concessions of infrastructure assets, and the production of construction materials (heavy building materials, as well as lightweight materials such as insulation, glass and gypsum).

Developers

Firms that primarily generate their revenues from real estate development, involving various activities from upgrading and renting out existing buildings to the purchase of raw land and the construction and sale of new buildings or parcels to other parties.

Construction segments

- Buildings and small civil engineering
- Infrastructure and civil engineering
- Industrial construction
- Construction-related services and maintenance
- Concessions
- Construction materials

Diversification outside the construction industry is generally limited to divisions operating in real estate development, renewable energies and utilities.

Cyclical patterns

Companies within the industry are often impacted by economic cycles due to large and frequent swings of construction investments. In the long term, construction investment is typically driven by GDP expansion, demographic development and infrastructure gap. In the short term, investments could be also affected by other factors.

Facing challenges

Typical cycles may be income levels drops, in which residential work would have a quick fall. Smaller construction companies are sensitive to such downturns and could react shifting to renovation and repair work. Larger contractors, having typically projects requiring years of work, would suffer for the impact of a slowing or recovering economy. Moreover, in a recovering economy new construction projects may be delayed by financing timing. As a consequence, the performance of construction companies would be better evaluated along multiple years analysis.

Bonding is required within industry

Construction works, in most cases, require bonding from contractors which act as protection for the client against non-payment, lack of performance, company default and warranty issues. Bonding is required for public works, however, private clients often require contractors to obtain bonds.

Italian construction industry

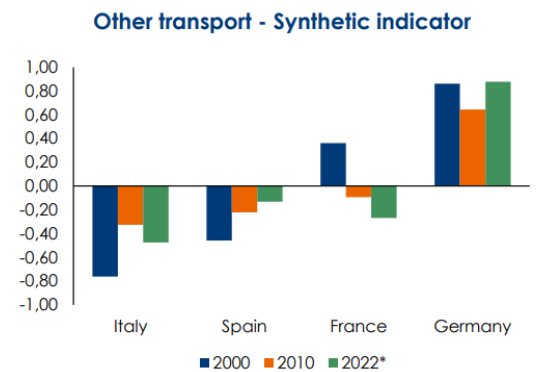
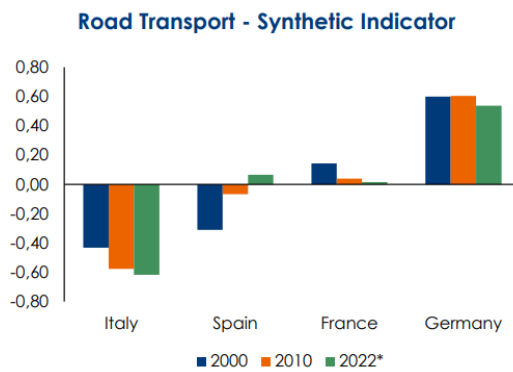
Italy underwent rapid industrial growth in the 1950s and 1960s. During this period, Italy experienced impressive advancements and changes, which propelled it to become one of the world's top industrial countries. In those years and in the following decades there was also a substantial investment in infrastructure constructions, such as roads, bridges, transportation networks, which created a favorable environment for businesses to expand and thrive.

Infrastructure deficit

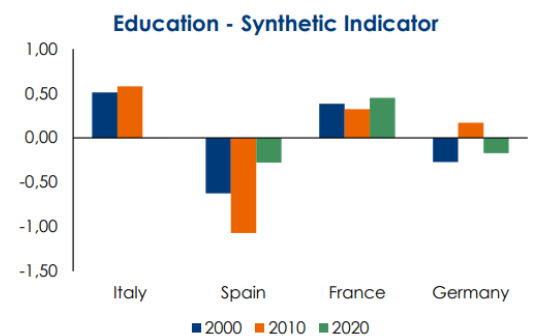
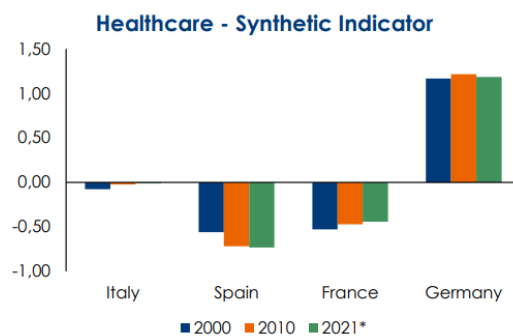
In the last decades of 20th century, Italy, despite having one of the highest public spending-to-GDP ratios in Europe, allocated a declining portion of spending to investments in infrastructures, progressively generating a gap with respect to other major European countries, which continued up to the last two decades.

A European comparison

Transport infrastructures gap in Europe



Social infrastructures gap in Europe



Sources:

Intesa Sanpaolo, *Infrastructure endowment in Italy and Spain*, 2024

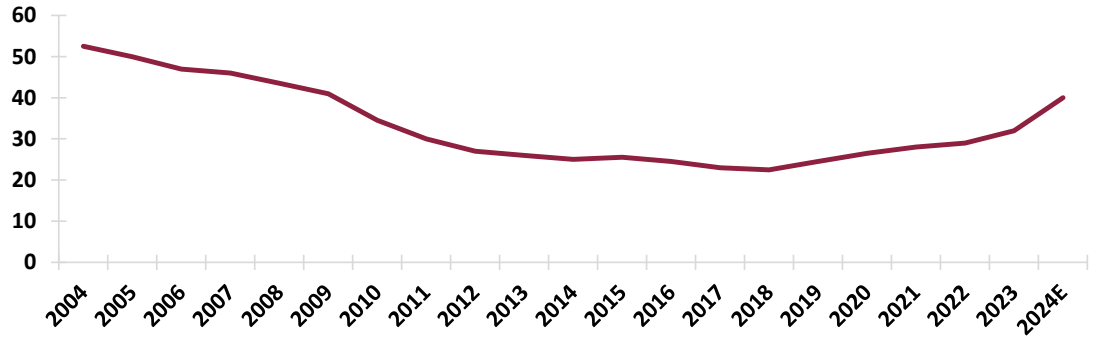
Il Sole 24 Ore, *Infrastrutture: l'Italia insegue da 30 anni. Può ancora recuperare?*, 2024

Banca d'Italia, *Le infrastrutture in Italia: dotazione, programmazione, realizzazione*, 2011

Infrastructure investments in last decades

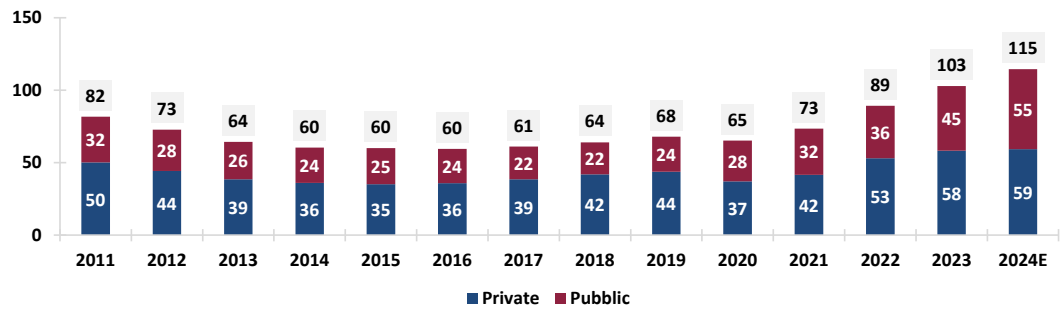
Public investments in the last two decades have seen a downward trend, from around €50bn invested in 2004 to around €20bn in 2018-19 period. Starting from 2020, thanks to funds coming from Italian Government and Europe, the trend has reversed, reaching over €30bn in 2023.

Historical Italian public investments (€bn) - 2004-2024E



Source: ANCE, Osservatorio congiunturale sull'industria delle costruzioni, 2024

Infrastructure investments in Italy (€bn) - 2011-2024E

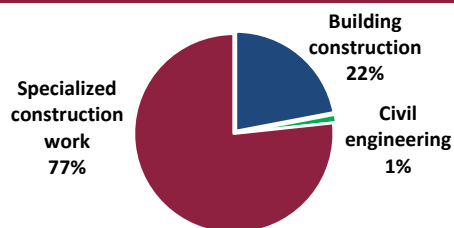


Source: ANCE, Osservatorio congiunturale sull'industria delle costruzioni, Gennaio 2024

Italian overview

According to ANCE, in 2021 the construction sector accounted for 12% of the entire Italian production and service ecosystem. According to European Commission, the Italian construction gross value added was worth almost 17% of GDP in 2020 (Source: European Commission, *European construction sector observatory, Country profile Italy, 2021*).

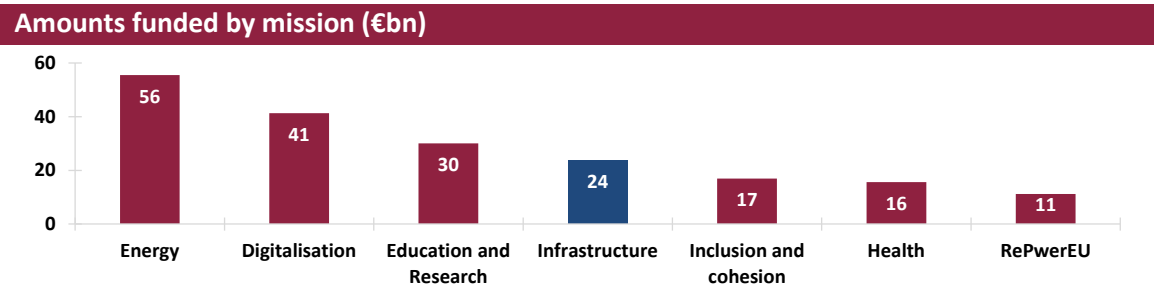
Services work and specializations



Source: ANCE, Scenari regionali dell'edilizia Marche, 2024

European funds

The NRRP, supported by EU funding, represents the largest investment in infrastructure in Italy's history, amounting to around €195 billion by 2032. It focuses on the energy transition and the enhancement of airports, road networks, and railways.



Source: Italia Domani website

Infrastructures for Sustainable Mobility

With €24bn funds, the headline goal is the development of a modern, digital and sustainable transport infrastructure, through the main actions:

- High-speed / high-capacity projects in Southern Italy
- High speed cross-border connections in Northern Italy
- Introduction of the European Rail Transport Management System, full interoperability with European rail networks and optimization of network capacity and performance
- Modernization and upgrading of regional railway lines
- Upgrading of rail hubs serving urban areas
- Investments in port development, logistics and maritime transport
- Digitalization for better logistics and road safety
- Digital platforms for local public transport
- Sustainable mobility in smaller islands

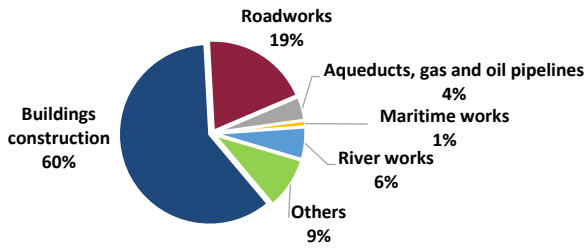
Source: Italia Domani, *Italian Recovery and Resilience Plan*

4. BUSINESS MODEL AND STRATEGY

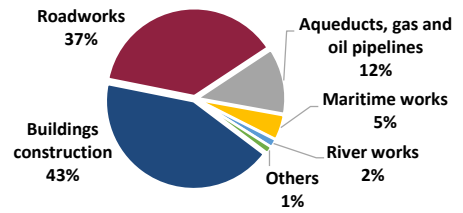
Infrastructure specialist

Ubaldi operates both as a general contractor or within a Temporary Grouping of Companies (ATI), for public and private tenders, where several companies join together to participate in the realization of a project for which companies do not individually satisfy certain tender criteria or requirements.

FY23 Revenue breakdown (%)



H1 2024 Revenue breakdown (%)



Source: Company data

FY23 Customers

Public customers (52% FY23 revenues)



Private customers (48% FY23 revenues)



Source: Company data

FY23 suppliers breakdown		
Supplier	Sector	% on total supply costs
1°	Building materials	3.7%
2°	Pre-shaped steel rebars for civil, road, railway works	3.7%
3°	Engineering consultancy	3.1%
4°	Cement, concrete and aggregate	2.9%
5°	Precast concrete buildings	2.9%
6°	Building materials	1.8%
7°	Pipes and purification systems	1.8%
8°	Paint and professional products	1.4%
9°	Fuel	1%
10°	Electrical materials	0.8%

Source: Company data

Ubaldi relies on suppliers that include both material suppliers for construction sites and subcontractors, as companies to which the Issuer subcontracts parts of the projects when acting as a General Contractor. In 2023 the first ten suppliers accounted for less than 24% of total materials costs.

Works and specializations

Civil construction	Construction, maintenance and renovation of building. SOA OG1 certification (classification VIII - unlimited amount).
Road works	Construction of roads, highways, bridges, viaducts, railways, subways. SOA OG3 certification (classification VIII - unlimited amount).
Aqueducts, gas and oil pipelines	Construction of aqueducts, gas and oil pipelines, irrigation and drainage works. SOA OG6 certification (classification VI - tenders of up to €10m).
Maritime works	Construction of maritime dredging works. SOA OG7 certification (classification VI - tenders of up to €10m).
River works	Construction of river embankments, hydraulic and drainage works. SOA OG8 certification (classification V - tenders of up to €5m).
Technological systems	Plumbing and water systems and facilities, kitchens and laundries, heating and air conditioning systems, electrical, telephone, radiotelephone and television systems. SOA OG11 certification (classification V - tenders of up to €5m).
Special structural equipment	Expansion joints, support devices, and seismic devices for road and railway bridges and viaducts. SOA OS11 certification (classification V - tenders of up to €5m).
Road barriers	Installation and maintenance or renovation of equipment such as barriers, impact attenuators and fences. SOA OS12-A certification (classification II - tenders of up to €0.5m).

Purification plants

Maintenance or renovation of water purification and wastewater treatment plants, including biogas recovery and the production of electricity. SOA OS22-A certification (classification III bis - tenders of up to €1.5m).

Demolition of works

Dismantling of industrial plants and the complete demolition of buildings. SOA OS23-A certification (classification III - tenders of up to €1m).

Certifications

Ubaldi has 13 SOA certifications, required to participate to public work tenders.

Certificate	Amount	Description
OG1-VIII	> €15.5m	Civil and industrial buildings
OG3-VIII	> €15.5m	Roads, motorways, bridges, viaducts, railways, underground
OG6-VI	< €10.3m	Aqueducts, gas and oil pipelines, irrigation and drainage works
OG7-VI	< €10.3m	Maritime works and dredging works
OG8-VI	< €10.3m	River, defense, hydraulic and drainage works
OS11-V	< €5.2m	Special structural equipment
OG11-V	< €5.2m	Technological systems
OS1	na	Earthworks
OS12A-I	< €0.3m	Road safety barriers
OS12B-I	< €0.3m	Rockfall barriers, snow guards and similar devices
OS21-V	< €5.2m	Special structural works
OS22-III BIS	< €1.5m	Water treatment and purification plants
OS23-III BIS	< €1.5m	Demolition of works

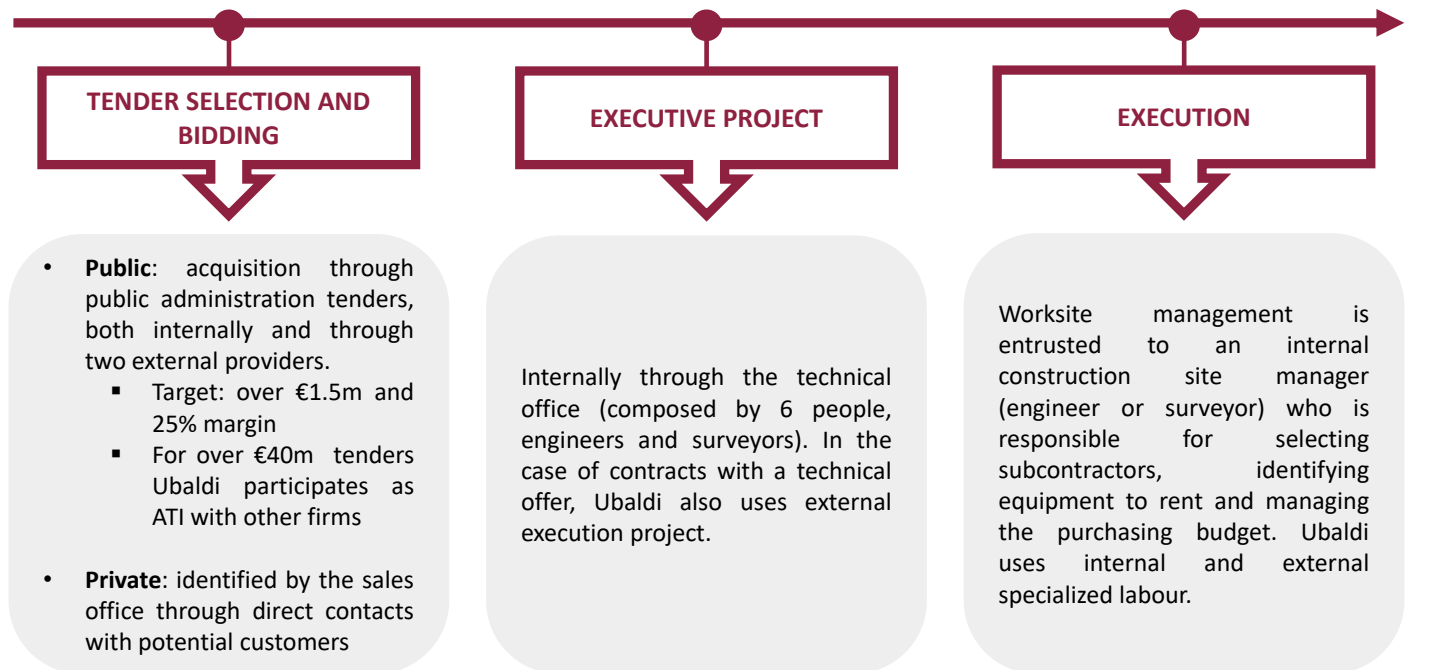
Source: Company data

Ubaldi project flow

Project stages are:

1. Tender selection and bidding
2. Executive project
3. Execution

Ubaldi project stages



Source: Company data

Price adjustment clauses

Contracts include clauses for price review mechanisms, mainly on yearly basis, which enabling adjustments to project execution prices due to fluctuations in project costs.

Billing and collection schedule

- Down payment: agreed percentage of the contractual budget
- Work progress reports: monthly or different instalments

Strategy

- Extension of participation to tenders in other regions nationwide
- Acquisition of quarries for raw material supply and to reduce dependence on suppliers
- Acquisition of maritime and river works experienced firms

ESG

Ubaldi Costruzioni commitment to reduce environmental footprint and to improve its social impact is proven by the following initiatives:

- Reduce waste and CO₂ emissions
- Sustainable and environment-friendly construction methods
- Managing construction waste responsibly
- Monitor environmental performance
- Adoption of management systems to ensure safety at work

5. COMPETITION AND RISK PROFILE

Competitive forces and determinants of risk profile

- **Competitive rivalry:** High. Competitors are generally sector and service-specific. The competitive arena is highly fragmented and populated of specialists, typically small/local construction firms, which may not always have the needed skills, but are keen to compete with aggressive pricing.
- **Customers:** Medium-High power. Investments by private investments follow general economic cycles, while the public investments are more susceptible to changes in government spending. Customers require expertise and execution, while also exercising pressure on prices.
- **New entrants:** Medium power. Market fragmentation reflects low entry barriers, given the low initial investments and despite experience and certifications required. Construction and construction materials companies are less capital-intensive than in other industries. Being the market driven by experience, execution and track record, well-recognized players are the most direct competitive threat.
- **Substitutes:** Low power. Technologies are unlikely to replace industry's role in addressing the need for new commercial and residential buildings, maintenance work, and heavy and civil engineering (e.g. for railway tracks, bridges, highways, tunnels, airports and other functional, capital-intensive ventures).
- **Suppliers:** Low power. Raw materials suppliers bargaining power is a minimum issue, apart from price impact in case of inflation trend. There is also abundance of subcontractors.

Risk profile: medium-high

Competitive forces		Risk map	
Force	Factors	Lower impact	Higher impact
Competitive rivalry	<ul style="list-style-type: none"> Specialized market 		Higher risk
Customers	<ul style="list-style-type: none"> Sensitive to economic cycles and government spending 		Customers
New entrants	<ul style="list-style-type: none"> Low barriers to entry Less capital-intensive 		New entrants
Substitutes	<ul style="list-style-type: none"> No substitute products Undifferentiated service 	Substitutes	Higher impact
Suppliers	<ul style="list-style-type: none"> Raw materials suppliers a minimum issue As to subcontractors, typical risks of outsourcing 	Suppliers	Lower risk
		Overall risk profile MEDIUM-HIGH	

Source: EnVent Research

Italian construction industry competitive arena

Ubaldi competes in an environment where both public and private contractors have a rational approach in selecting project execution providers, the breadth of construction services provided is diverse and suppliers and substitute services providers have limited competitive power.

Domestic and local competitors

We have selected certain domestic players often encountered as participating to tenders in the Company catchment area, with other common characteristics like geography and revenue size. Currently, along with many local players operating in specific regions/cities, there are larger operators (even part of multinational corporations) who often act as pure general contractors and outsource to third parties (construction companies) the project execution.

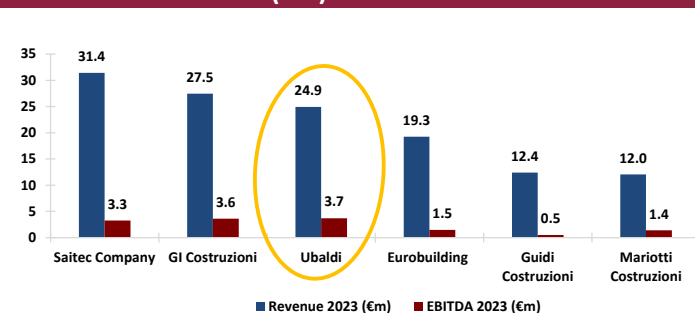
Revenue, EBITDA, EBIT and Net Debt (Cash) - FY23

Company	Revenue 2023 (€m)	Revenue CAGR 5Y	EBITDA 2023 (€m)	EBITDA % on Rev. 2023	EBITDA % Avg. 21-23	EBIT 2023 (€m)	EBIT % on Rev. 2023	NET Debt (Cash) 2023 (€m)
Saitec Company	31.4	57.9%	3.3	10.4%	9.2%	2.9	9.3%	7.2
GI Costruzioni	27.5	26.8%	3.6	13.2%	11.3%	3.4	12.4%	0.7
Eurobuilding	19.3	30.7%	1.5	7.7%	10.5%	1.4	7.0%	2.6
Guidi Costruzioni	12.4	-7.2%	0.5	4.2%	4.8%	0.3	2.7%	0.7
Mariotti Costruzioni	12.0	13.1%	1.4	11.6%	11.3%	0.8	6.7%	(0.2)
Mean		24.3%		9.4%	9.4%		7.6%	
Median		26.8%		10.4%	10.5%		7.0%	

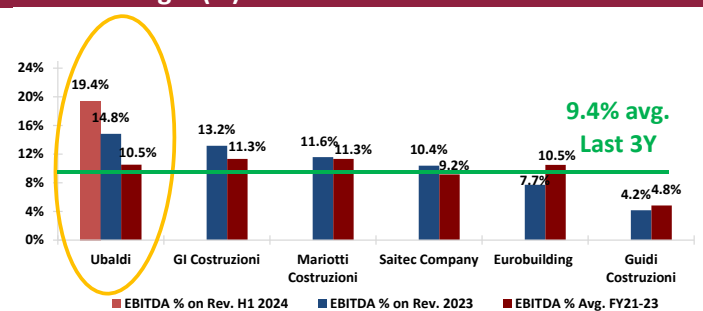
Ubaldi	24.9	29.4%	3.7	14.8%	10.5%	3.3	13.4%	0.5
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Source: EnVent Research on Company data and Creditsafe

Revenue and EBITDA (€m) - FY23

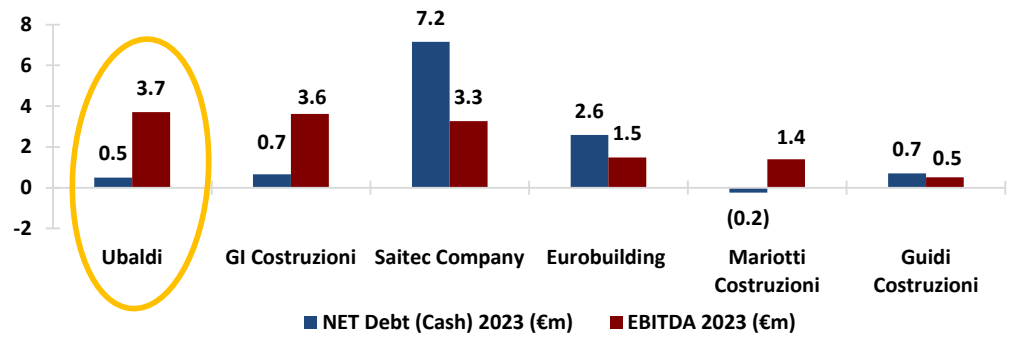


EBITDA margin (%) - FY23



Source: EnVent Research on Company data and Creditsafe

Net Debt (Cash)/EBITDA - FY23



Source: EnVent Research on Company data and Creditsafe

Key takeaways:

- 24% revenue CAGR in the last 5 years, 29% for Ubaldi
- Covid did not impact performance
- Two companies with debt under EBITDA and three over EBITDA
- 19-23 EBITDA margins 9-13% range
- Ubaldi EBITDA margin higher than competitors

6. MARKET METRICS

Market value of listed companies

Selection criteria

Key factors:

- Sector: building and infrastructure construction
- Region: Italy, Europe, USA

We segmented the listed companies matching the above factors into two clusters:

- Cluster 1 – International large and diversified: broad diversification, stable presence in different geographies and strong competitive position
- Cluster 2 – Italian companies running business on Italian territory, with turnover and dynamics close to Ubaldi or different business scope and market segments

Profiles - International large and diversified

Mota-Engil (Portugal) - FY23 Revenues €5.5bn - Market cap €871m

Comparability: Low

Public and private construction and waste collection and treatment. Geographic presence in over twenty countries.

Sacyr Vallehermoso (Spain) - FY23 Revenues €4.6bn - Market cap €2.6bn

Comparability: Low

Construction and infrastructure concessions and maintenance of industrial and oil and gas facilities. Geographic presence in over twenty countries.

Veidekke (Norway) - FY23 Revenues €3.8bn - Market cap €1.7bn

Comparability: Low

Civil engineering and construction in Norway: residential and non-residential buildings, road maintenance, railways, heavy industry, energy, and recycling facilities.

Keller Group (UK) - FY23 Revenues €3.4bn - Market cap €1.2bn

Comparability: Low

Geotechnical contractor, geographical presence worldwide.

Obrascón Huarte Lain (Spain) - FY23 Revenues €3.1bn - Market cap €381m

Comparability: Low

Highways, waterworks, civil engineering projects, residential housing and public buildings; public works maintenance and water management services. Operations in more than 30 countries.

AF Gruppen (Norway) - FY23 Revenues €2.7bn - Market cap €1.6bn

Comparability: Low

Construction contractor across residential buildings, civil engineering, environment and energy, and offshore. Operations mainly in Norway and Sweden.

Galliford Try (UK) - FY23 Revenues €1.6bn - Market cap €443m

Comparability: Low

Commercial, institutional, and residential properties; contractor for infrastructure projects in the water, rail, highway, energy.

Grupo Empresarial San José (Spain) - FY23 Revenues €1.3m - Market cap €382m

Comparability: Low

Infrastructure, commercial, retail and residential buildings, urban development services. Operations internationally.

Orion Group Holdings (US) - FY23 Revenues €664m - Market cap €304m

Comparability: Low

Heavy civil marine infrastructure, including mobility facilities, pipelines, and environmental structures. Services such as dredging of channels, ports, and waterways; design; environmental dredging; specialty services. Operations across the US, Alaska, Canada, and the Caribbeans.

Vestum (Sweden) - FY23 Revenues €518m - Market cap €350m

Comparability: Low

Acquisition-driven group focuses on construction and infrastructure. Operations in Scandinavia and United Kingdom.

AVAX (Greece) - FY23 Revenues €454m - Market cap €319m

Comparability: Low

Civil engineering and infrastructure such as bridges, railroads, roads, and harbors, power plants, gas and petrochemical projects, and environmental plants. Operations across Europe.

Wästbygg Gruppen (Sweden) - FY23 Revenues €449m - Market cap €43m

Comparability: Low

Residential buildings, commercial structures and community service properties, as well as logistics and industrial facilities.

Kreate Group (Finland) - FY23 Revenues €320m - Market cap €68m

Comparability: Low

Mobility infrastructure and bridges building and repairing, engineering, foundation construction services. The Group serves customers in Finland.

Profiles - Italian companies

TREVI – Finanziaria Industriale - FY23 Revenues €589m - Market cap €87m

Comparability: Low

Underground engineering and construction and geotechnical services. Divisions: Trevi, focusing on foundation works, and Soilmec, which designs machinery for geotechnical projects.

Abitare In - FY23 Revenues €252m - Market cap €114m

Comparability: Low

Residential real estate developer in Milan area.

Edilziacrobatica - FY23 Revenues €159m - Market cap €59m

Comparability: Low

Rope access external renovations. Acrobatica works through ropes for core drilling, structural reinforcement, cleaning and renovation of facades, walls, windows and roofs, replacement of gutters and rainwater, installation and cleaning of chimneys. Present in Italy, France, Spain, Monaco, the Arab Emirates, Saudi Arabia and Nepal.

Reway Group - FY23 Revenues €130m - Market cap €264m

Comparability: Medium

Maintenance and renovation of roads, highways and tunnels, installation of acoustic barriers and safety barriers, seismic upgrading of viaducts and bridges.

I.CO.P. - FY23 Revenues €118m - Market cap €228m

Comparability: Low

Specializes in microtunneling for underground utilities and deep foundations works for infrastructure projects including subways, docks, railways and motorways.

Renovalo - FY23 Revenues €115m - Market cap €22m

Comparability: Low

General contractor operating in the energy efficiency and green building Italian market, mainly in Rome area. The Company supports its customers along all project stages from solutions design and project management to the execution and administrative management.

DBA Group - FY23 Revenues €115m - Market cap €31m

Comparability: Low

Italian engineering consulting group specialized in mission critical infrastructure connectivity and lifecycle management. Diversified across industries: Telco, Transportation and Logistics, Energy, Oil & Gas, Real Estate.

Edil San Felice - FY23 Revenues €43m - Market cap €96m

Comparability: Medium

Construction, reconstruction, and repairs of highways, streets, roads, bridges, tunnel, and airport runways. The Company operates as a contractor of institutional clients such as Anas, Autostrade per l'Italia, Roma, Napoli and Salerno airports.

Source: Company websites and S&P Capital IQ, Update February 2025

Key data comparison

Company	Revenue 2023 (€m)	Revenue CAGR 5Y	EBITDA 2023 (€m)	EBITDA % on Rev. 2023	EBITDA % Avg. 21-23	EBIT 2023 (€m)	EBIT % on Rev. 2023	NET Debt (Cash) 2023 (€m)	Mkt. Cap (€m)
International large and diversified									
Mota-Engil	5,552	17.5%	581	10.5%	11.1%	397	7.1%	2,155	871
Sacyr Vallehermoso	4,621	2.5%	1,376	29.8%	25.3%	1,256	27.2%	6,918	2,611
Veidekke	3,849	0.9%	176	4.6%	5.0%	124	3.2%	(151)	1,717
Keller Group	3,418	5.9%	294	8.6%	7.1%	193	5.6%	273	1,163
Obrascón Huarte Lain	3,132	1.4%	150	4.8%	3.7%	92	2.9%	39	381
AF Gruppen	2,716	4.4%	87	3.2%	5.0%	66	2.4%	88	1,575
Galliford Try Holdings	1,622	0.9%	22	1.3%	1.3%	18	1.1%	(211)	443
Grupo Empresarial San José	1,337	8.7%	44	3.3%	3.6%	39	2.9%	(297)	382
Orion Group Holdings	644	0.5%	14	2.2%	1.5%	(7)	-1.2%	74	304
Vestum	518	252.4%	62	11.9%	11.9%	29	5.6%	189	350
AVAX	454	-5.8%	5	1.2%	-1.7%	(0)	0.0%	275	319
Wästbygg Gruppen	449	4.9%	(29)	neg	-0.4%	(30)	-6.7%	118	43
Kreate Group	320	9.7%	14	4.3%	5.0%	9	2.7%	17	68
Mean		23.4%		7.1%	6.0%		4.1%		
Median		4.4%		4.4%	5.0%		2.9%		
Italian companies									
TREVI - Finanziaria Industriale	589	-0.7%	70	11.9%	9.2%	40	6.8%	202	87
Abitare In	252	nm	35	13.9%	36.9%	34	13.3%	41	114
EdiliziAcrobatica	159	39.7%	20	12.3%	19.8%	16	10.2%	51	59
Reway Group	130	na	25	19.6%	na	22	17.1%	32	264
I.CO.P.	118	19.4%	9	7.6%	8.6%	0	0.2%	21	228
Renovalo	115	na	28	24.5%	22.7%	27	23.1%	5	22
DBA Group	115	17.9%	12	10.2%	8.2%	8	6.9%	8	31
Edil San Felice	43	24.1%	12	27.1%	21.4%	11	24.7%	(6)	96
Mean		20.1%		15.9%	18.1%		12.8%		
Median		19.4%		13.1%	19.8%		11.8%		
Ubaldi	24.9	29.4%	3.7	14.8%	10.5%	3.3	13.4%	0.5	na

Source: EnVent Research on S&P Capital IQ, February 2025

Key takeaways:

- Some of the listed players are global and larger in size/sales
- Superbonus tax incentives on certain Italian peers
- Single digit EBITDA and EBIT with exceptions
- Cluster 1 average EBITDA less than Ubaldi, whose margin is more in line with Cluster 2

Market multiples

Company	EV/Revenues				EV/EBITDA				EV/EBIT				P/E				
	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E	
International large and diversified																	
Cluster 1	Mota-Engil	0.6x	0.6x	0.6x	0.6x	5.9x	3.9x	3.8x	3.6x	8.6x	6.3x	6.1x	5.8x	7.7x	7.5x	7.2x	6.1x
	Sacyr Vallehermoso	2.2x	2.3x	2.2x	2.2x	7.5x	7.5x	7.0x	6.7x	8.2x	8.4x	8.0x	7.7x	17.0x	19.5x	14.2x	12.2x
	Veidekke	0.4x	0.4x	0.4x	0.4x	8.7x	6.8x	6.2x	6.0x	12.2x	11.5x	10.4x	9.8x	18.0x	16.2x	14.9x	14.1x
	Keller Group	0.4x	0.4x	0.4x	0.4x	4.8x	3.7x	3.6x	3.6x	7.3x	5.6x	5.6x	5.5x	11.3x	7.2x	7.0x	6.9x
	Obrascón Huarte Lain	0.1x	0.1x	0.1x	0.1x	3.1x	3.5x	3.1x	2.8x	5.1x	7.2x	5.6x	4.9x	nm	neg	33.1x	14.7x
	AF Gruppen	0.6x	0.7x	0.7x	0.6x	20.1x	12.0x	9.1x	8.5x	26.7x	19.9x	13.3x	12.0x	43.9x	29.1x	18.6x	16.7x
	Galliford Try Holdings	0.1x	0.1x	0.1x	0.1x	10.9x	4.4x	3.6x	3.4x	13.3x	7.5x	6.0x	5.5x	41.8x	15.4x	13.2x	11.8x
	Grupo Empresarial San José	0.0x	0.0x	0.0x	0.0x	1.0x	0.6x	0.6x	0.6x	1.1x	1.0x	1.0x	1.0x	19.2x	10.1x	12.0x	11.9x
	Orion Group Holdings	0.6x	0.5x	0.5x	0.4x	26.3x	9.3x	8.0x	6.5x	neg	35.3x	18.6x	12.1x	neg	63.9x	27.2x	13.5x
	Vestum	1.0x	1.2x	1.0x	1.0x	8.5x	8.4x	6.9x	6.6x	18.1x	29.6x	17.9x	15.6x	neg	42.5x	12.3x	10.0x
	AVAX	1.3x	0.8x	0.7x	na	nm	na	na	na	neg	na	na	na	30.9x	na	na	na
	Wästbygg Gruppen	0.2x	0.2x	0.3x	0.2x	neg	neg	7.1x	5.9x	neg	neg	8.4x	6.8x	neg	neg	6.4x	4.1x
	Kreate Group	0.3x	0.4x	0.3x	0.3x	7.2x	6.6x	5.8x	5.1x	11.5x	11.4x	9.5x	8.1x	18.4x	16.6x	12.2x	9.6x
	Mean	0.6x	0.6x	0.6x	0.5x	9.4x	6.1x	5.4x	5.0x	11.2x	13.1x	9.2x	7.9x	23.1x	22.8x	14.9x	11.0x
Median	0.4x	0.4x	0.4x	0.4x	7.5x	6.6x	6.0x	5.5x	10.1x	8.4x	8.2x	7.2x	18.4x	16.4x	12.8x	11.8x	
Italian companies																	
Cluster 2	TREVI - Finanziaria Industriale	0.5x	0.5x	0.4x	0.4x	4.2x	3.7x	3.5x	3.3x	7.3x	8.4x	7.0x	6.3x	4.6x	23.5x	10.6x	6.8x
	Abitare In	0.9x	3.2x	1.6x	1.5x	6.8x	14.1x	7.0x	6.1x	7.1x	15.9x	7.6x	6.5x	4.7x	16.2x	6.0x	4.9x
	EdiliziAcrobatica	0.6x	0.6x	0.6x	0.5x	5.2x	6.0x	4.7x	3.8x	6.3x	12.3x	8.2x	6.0x	9.5x	18.4x	11.0x	7.1x
	Reway Group	2.5x	1.6x	1.4x	1.3x	12.9x	7.9x	6.7x	6.0x	14.7x	10.7x	8.7x	7.7x	18.9x	12.8x	10.3x	9.0x
	I.CO.P.	0.8x	0.4x	0.2x	0.2x	10.4x	2.3x	1.4x	1.3x	nm	3.1x	1.7x	1.6x	nm	11.3x	6.2x	5.6x
	Renovalo	0.3x	1.2x	0.6x	0.6x	1.1x	8.3x	3.4x	3.2x	1.2x	10.3x	3.7x	3.6x	1.2x	7.6x	3.9x	3.7x
	DBA Group	0.4x	0.4x	0.4x	0.3x	3.7x	3.5x	3.2x	3.0x	5.4x	5.5x	5.0x	4.6x	7.7x	6.0x	5.4x	5.0x
	Edil San Felice	2.1x	1.7x	1.4x	1.3x	7.6x	7.2x	6.0x	5.4x	8.4x	8.1x	6.8x	6.2x	11.3x	11.0x	9.3x	8.4x
Mean	1.0x	1.2x	0.8x	0.8x	6.5x	6.6x	4.5x	4.0x	7.2x	9.3x	6.1x	5.3x	8.3x	13.4x	7.8x	6.3x	
Median	0.7x	0.9x	0.6x	0.6x	6.0x	6.6x	4.1x	3.6x	7.1x	9.4x	6.9x	6.1x	7.7x	12.0x	7.7x	6.2x	
Full sample																	
Mean	0.8x	0.8x	0.7x	0.6x	8.2x	6.3x	5.0x	4.6x	9.6x	11.5x	8.0x	6.9x	16.6x	18.6x	12.1x	9.1x	
Median	0.6x	0.5x	0.5x	0.4x	7.2x	6.6x	5.3x	4.5x	8.2x	8.4x	7.3x	6.3x	14.2x	15.8x	10.8x	8.7x	

Source: EnVent on S&P Capital IQ, February 2025

7. FINANCIAL ANALYSIS AND PROJECTIONS

Lay eyes on work in progress accounting

Odd revenue and margins accounting

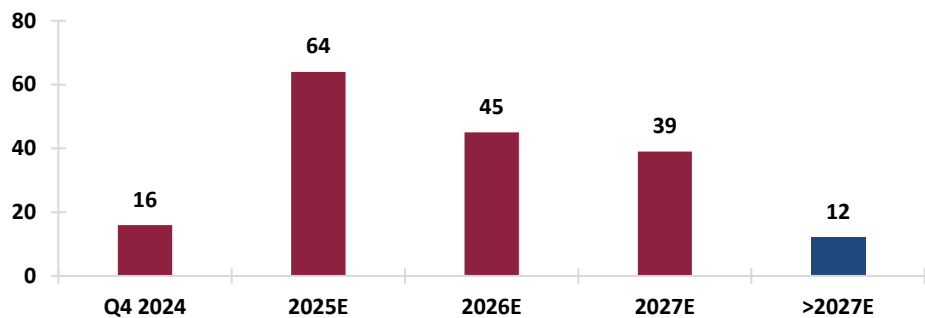
Accounting of financial performance in the construction industry is largely related to the typical use of percentage of completion method by a wide range of companies, such as large general contractors and niche specialists. Accounting items associated with the percentage of completion method, such as billings in excess of costs and estimated earnings and the estimated costs and earnings in excess of billings, on uncompleted contracts, are unique to construction and would be affected by a high degree of subjectivity. As a consequence, following accounting periods adjustments of revenue and profits may be frequent and material.

Backlog as forward revenue visibility

Projects in pipeline and detailed records of jobs in progress provide key information for future revenue visibility. Backlog compared to prior years could also indicate trend such as consistency of size and length of projects and frequency of generation of new contracts.

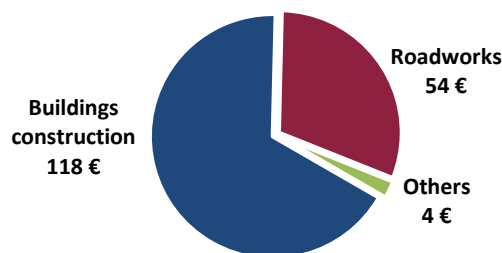
€176m backlog as of October 2024

Backlog breakdown by year (€m)



Source: Company data, last update, 31/10/2024

Backlog breakdown by works (€m)



Source: Company data, last update, 31/10/2024

A light balance sheet with cyclical profitability

FY23 revenues up to €25m, +70% YoY

Until 2022 Ubaldi Costruzioni revenues were consistently below €15m, while in 2023 went up by over 70% YoY to €25m, boosted by works under Superbonus 110. Overall, between 2017 and 2023 revenues increased by over 11% CAGR.

Profit and Loss - Pro forma

€m	2023	H1 2024
Revenues	22.1	8.7
WIP change	2.6	4.2
Other income	0.2	0.3
Total Revenues	24.9	13.1
YoY %	71.5%	n.a.
Materials	(10.0)	(4.6)
Services	(6.4)	(3.6)
Personnel	(2.4)	(1.3)
Other operating costs	(2.4)	(1.1)
Operating costs	(21.2)	(10.6)
EBITDA	3.7	2.6
Margin	14.8%	19.4%
D&A	(0.4)	(0.1)
Amortization - intangibles	(0.0)	(0.0)
Depreciation - fixed assets	(0.3)	(0.1)
EBIT	3.3	2.4
Margin	13.4%	18.4%
Interest	(0.3)	(0.4)
EBT	3.0	2.1
Margin	12.0%	15.6%
Income taxes	(1.0)	(0.7)
Net Income (Loss)	2.0	1.3
Margin	7.8%	10.3%

Source: Company data

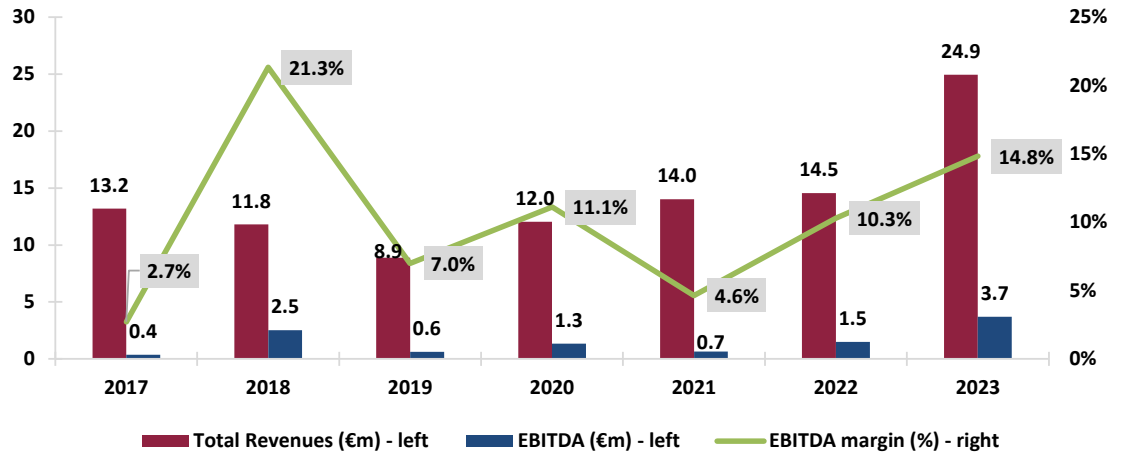
Revenues are primarily generated by the core construction activity (€13.8m in 2023); works under Superbonus 110 accounted for €8.1m (36.8% of sales); other revenues €0.1m. In H1 2024 work under Superbons 110 accounted for less than €1m (11.1% of sales).

In FY23 cost of services of €6.4m are mainly represented by €4.8m subcontractor costs and €0.8m consultancies. Personnel costs slightly decreased to €2.4m, headcount at year-end 2023 was around 40 employees. Other operating costs of €2.4m include €0.8m rental equipment and €0.8m write-down receivables. Interest derives from Superbonus receivables transfer.

Profitability fluctuated between 3% and 21% over 2017-23, based on factors such as the type of construction work, location, efficiency and general market conditions. EBITDA margin stood at 15% in 2023.

Cyclical operating margin

Revenues and EBITDA - 2017-23



Source: EnVent Research on Company data
Note: FY 2023 pro forma

Healthy financial position

Balance Sheet - Pro forma

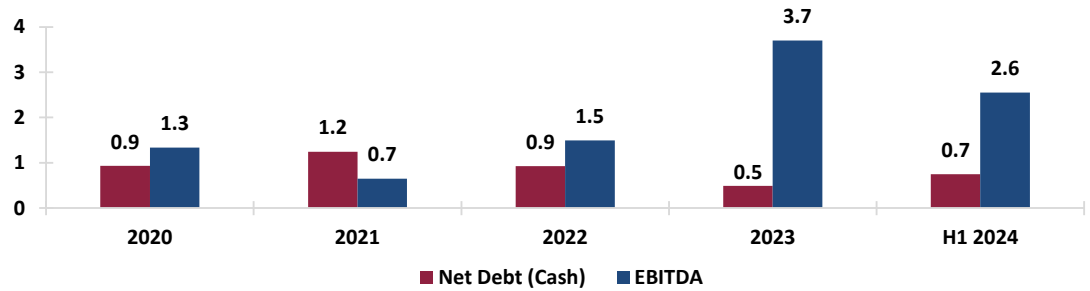
€m	2023	H1 2024
Work in progress	7.7	11.9
Trade receivables	4.4	3.6
Trade payables	(7.4)	(6.3)
Trade Working Capital	4.7	9.2
Other assets (liabilities)	3.2	0.4
Net Working Capital	7.9	9.5
Intangible assets	0.0	0.0
Fixed Assets	0.4	0.3
Subsidiaries	0.0	0.0
Non-current assets	0.4	0.3
Provisions	(0.5)	(0.6)
Net Invested Capital	7.8	9.3
Bank debt	0.7	0.6
Other financial debt	1.8	1.6
Cash and equivalents	(2.0)	(1.5)
Net Debt (Cash)	0.5	0.7
Equity	7.3	8.5
Sources	7.8	9.3

Source: Company data

Fixed assets included mainly land and buildings, some owned by dedicated subsidiaries, accounted for at cost approach. Likewise the industry, trade working capital is the main driver of capital employed, given the limited need of capital expenditure and the surplus assets attribute of land owned.

Superbonus tax receivables, classified within other assets and liabilities, at €10.6m from €2.2 as of year-end 2023. Other assets and liabilities include €1.1m due to shareholders for past service fees.

Net Debt (Cash) and EBITDA - 2020-H1 24 (€m)



Source: Company data

Note: FY 2023 and H1 2024 pro forma

Net debt as of June 2024 was €0.7m, from €0.5m as of December 2023.

Cash Flow

€m	H1 2024
EBIT	2.4
Current taxes	(0.7)
D&A	0.1
Provisions	0.0
Cash flow from P&L operations	1.9
Trade Working Capital	(4.4)
Other assets and liabilities	2.8
Operating cash flow before capex	0.3
Capex	(0.0)
Operating cash flow after working capital and capex	0.2
Interest	(0.4)
Subsidiaries	(0.0)
Net cash flow	(0.3)
Net (Debt) Cash - Beginning	(0.5)
Net (Debt) Cash - End	(0.7)
Change in Net (Debt) Cash	(0.3)

Source: Company data

Ratio analysis

	2023	H1 2024
ROE	18%	17%
ROS (EBIT/Sales)	15%	28%
DOI	127	248
DSO	60	61
DPO	118	102
TWC/Sales	21%	105%
NWC/Sales	36%	110%
Net Debt/EBITDA	0.1x	0.3x
Net Debt/Equity	0.1x	0.1x
Net Debt/(Net Debt+Equity)	0.1x	0.1x
Operating cash flow before capex/EBITDA	neg	10%

Source: Company data

Ubaldi Costruzioni's FY24 Guidance

On December 11th 2024, Ubaldi Costruzioni Board of Directors disclosed the guidance for FY24 Value of Production and EBITDA.

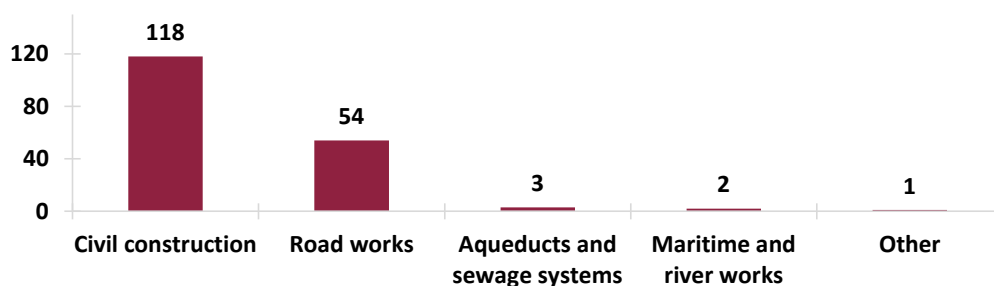
Based on management accounts at September 30th 2024 and on €176m backlog as of October 31st 2024, the Company anticipates a Value of Production in the range of €33m-35m and an EBITDA margin in the range of 17%-19%.

Our estimates

Key growth drivers

- Solid backlog of €176m
- Order intake 2024-27E assumption, also coming from NRRP, which require added infrastructure development, and Marche earthquake funds

Backlog breakdown (€m)



Source: Company data

Estimates construction

Starting from the top line we estimate revenues to growth at a CAGR 2023-2027E of 21.8% mainly driven by:

Solid Backlog will drive revenues growth

- The contribution of €176m of old backlog to sales that is expected to be around 20% per year
- The adjudication of new tenders expected to contribute €20m of backlog per year starting from 2025 and converted into sales ca 20% per year.

EBITDA margin at 19% in the forecast period

Over the 2024E-2027E period, in terms of costs we expect an increase in personnel costs at €3.1m in FY25E due to the strengthening of managerial structure (avg. 8% of sales over the forecasted period) and a decrease in the incidence on sales of material expenses as we expect the acquisition of quarry will improve operating margins reducing the exposition on raw material price fluctuations. We assume service costs will remain stable at 30% of sales, as Ubaldi is expected to pursue its strategy of outsourcing subcontracted project components.

Therefore, in FY24E we project EBITDA at €5.7m with a margin of 17.3%, expected to increase at €9.8m with a margin of 19.3%. Over the 2025E-2027E period, we consider a flat EBITDA margin in the region of 19% to reflect also the tender margins that range from 15% to 25%.

As for Ubaldi's balance sheet, we expect the Net Working Capital to increase from €13.5m in FY24E to €22.4m in FY27E, on the back of higher revenues. During the forecasted period DSO (95) and DOI (127) and DPO (60) are forecasted flat.

Over the 2024E-27E period, we estimate €3m in equipment investments, including the acquisition of a quarry in 2025, in line with Ubaldi's use of proceeds. This investment aims to ensure a stable supply of raw materials, reduce dependence on external suppliers, and protect the Group from raw material price fluctuations. In our projections, in FY25E we include €4.2m of capital raised from the IPO, netted by €0.9m of costs incurred in FY24. Finally, we expect Net Financial Position to decrease from €3m of net debt in FY24E to almost €10m of cash at the end of FY27E.

It should be noted that in our business plan we partially allocate IPO proceeds as the Company intends to use the cash also for external growth. Our financial projections are based solely on Ubaldi's organic development, with no M&A activities factored in.

Financial projections

Profit and Loss					
€m	2023	2024E	2025E	2026E	2027E
Total Revenues	24.9	32.8	44.2	45.0	50.6
<i>YoY %</i>	71.5%	31.6%	34.6%	1.9%	12.3%
Materials	(10.0)	(12.3)	(17.2)	(16.6)	(19.3)
Services	(6.4)	(9.0)	(12.1)	(13.1)	(14.6)
Personnel	(2.4)	(2.7)	(3.1)	(3.2)	(3.3)
Other operating costs	(2.4)	(2.7)	(2.8)	(3.0)	(3.1)
Operating costs	(21.2)	(26.6)	(35.2)	(35.9)	(40.3)
Provisions	0.0	(0.5)	(0.5)	(0.5)	(0.5)
EBITDA	3.7	5.7	8.5	8.7	9.8
<i>Margin</i>	14.8%	17.3%	19.3%	19.3%	19.3%
D&A	(0.4)	(0.3)	(0.5)	(0.6)	(0.7)
EBIT	3.3	5.4	8.0	8.1	9.1
<i>Margin</i>	13.4%	16.3%	18.2%	18.0%	18.0%
Interest	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
EBT	3.0	5.1	7.8	7.8	8.8
<i>Margin</i>	12.0%	15.5%	17.5%	17.4%	17.5%
Income taxes	(1.0)	(1.5)	(2.2)	(2.3)	(2.6)
Net Income (Loss)	2.0	3.6	5.5	5.6	6.3
<i>Margin</i>	7.8%	11.0%	12.5%	12.4%	12.4%

Source: Company data 2023A, EnVent Research 2024E-27E

Balance Sheet

€m	2023	2024E	2025E	2026E	2027E
Work in progress	7.7	10.4	14.1	15.2	16.9
Trade receivables	4.4	9.5	12.8	13.9	15.5
Trade payables	(7.4)	(4.8)	(6.4)	(6.5)	(7.4)
Trade Working Capital	4.7	15.1	20.4	22.5	25.0
Other assets (liabilities)	3.2	(1.6)	(2.2)	(2.3)	(2.5)
Net Working Capital	7.9	13.5	18.2	20.3	22.4
Intangible assets	0.0	0.9	0.9	0.9	0.9
Fixed Assets	0.4	0.6	1.2	1.7	2.0
Subsidiaries	0.0	0.0	0.0	0.0	0.0
Non-current assets	0.4	1.5	2.2	2.6	2.9
Provisions	(0.5)	(1.1)	(1.7)	(2.2)	(2.7)
Net Invested Capital	7.8	13.9	18.7	20.6	22.6
Bank debt	0.7	0.7	0.7	0.7	0.7
Other financial debt	1.8	1.8	1.8	1.8	1.8
Cash and equivalents	(2.0)	0.5	(4.5)	(8.1)	(12.4)
Net Debt (Cash)	0.5	3.0	(1.9)	(5.5)	(9.8)
Equity	7.3	10.9	20.6	26.2	32.5
Sources	7.8	13.9	18.7	20.6	22.6

Source: Company data 2023A, EnVent Research 2024E-27E

Cash Flow

€m	2024E	2025E	2026E	2027E
EBIT	5.4	8.0	8.1	9.1
Current taxes	(1.5)	(2.2)	(2.3)	(2.6)
D&A	0.3	0.5	0.6	0.7
Provisions	0.6	0.6	0.5	0.5
Cash flow from P&L operations	4.8	6.9	6.9	7.8
Trade Working Capital	(10.4)	(5.3)	(2.1)	(2.4)
Other assets and liabilities	4.8	0.6	0.0	0.3
Operating cash flow before capex	(0.8)	2.1	4.9	5.6
Capex	(0.6)	(1.1)	(1.0)	(1.0)
Operating cash flow after working capital and capex	(1.4)	1.0	3.9	4.6
Interest	(0.3)	(0.3)	(0.3)	(0.3)
Subsidiaries	0.0	0.0	0.0	0.0
IPO proceeds	0.0	4.2	0.0	0.0
Capex - IPO cost	(0.9)	0.0	0.0	0.0
Net cash flow	(2.5)	4.9	3.6	4.3
(Net Debt)/Cash Beginning	(0.5)	(3.0)	1.9	5.5
(Net Debt)/Cash End	(3.0)	1.9	5.5	9.8
Change in (Net Debt)/Cash	(2.5)	4.9	3.6	4.3

Source: EnVent Research 2024E-27E

Ratio analysis

	2023	2024E	2025E	2026E	2027E
ROE	18%	40%	35%	24%	21%
ROS (EBIT/Sales)	13%	16%	18%	18%	18%
DOI	127	127	127	127	127
DSO	59	95	95	95	95
DPO	117	60	60	60	60
TWC/Sales	19%	46%	46%	50%	49%
NWC/Sales	32%	41%	41%	45%	44%
Net Debt/EBITDA	0.1x	0.5x	cash	cash	cash
Net Debt/Equity	0.1x	0.3x	cash	cash	cash
Net Debt/(Net Debt+Equity)	0.1x	0.2x	cash	cash	cash
Operating cash flow before capex/EBITDA	0%	neg	25%	56%	57%

Source: Company data 2023A, EnVent Research 2024E-27E

8. VALUATION

A solid backlog in a challenging ground

Based on the exposure of industry to cyclicity and intensity of competition, we consider:

- Being construction a cyclical and volatile business, making forecasts and estimates is more challenging and subjective than in other sectors. Contracts tend to come in waves, resulting in irregular patterns of revenues.
- The intensity of competition and the pressure on pricing in tenders make companies vulnerable to economic forces, a key issue which can substantially influence the valuation of construction companies.
- Entry barriers are low and competition on price may impact margins. As a result, earnings can fluctuate, making them more meaningful in the medium to long term.
- The financial reporting peculiarities require analytical accounting approach in the valuation process, having work in progress direct implications on value, distinct from other industries.

Regardless of these industry traits, presently Ubaldi has a backlog of €176m, to which new orders intake is to be added, also considering the NRRP favorable environment.

Value drivers and use of market data

- Most competitors show an operating profitability in the region of 10% of revenues; Italian and International listed companies have more differentiated margins
- Selected peers show heterogeneity of business mix, size and profitability profiles
- Domestic peers performance of last three years boosted by Superbonus tax incentive
- The NRRP estimated investment implies more appealing opportunities compared to last decades

Valuation metrics

The valuation of Ubaldi Costruzioni has been performed through:

- Discounted Cash Flows applied to 2024E-27E financial projections
- Market multiples
- Regression analysis

Discounted Cash Flows

Metrics and assumptions:

- Risk free rate: 3.1% (last 30 days average. Source: Bloomberg, February 2025)
- Market return: 11.6% (last 30 days average. Source: Bloomberg, February 2025)
- Market risk premium: 8.5%
- Beta: 1.1 (based on risk assessment)
- Cost of equity: 12.4%
- Cost of debt: 6%
- Tax rate: 24% IRES

- 20% debt/(debt + equity) as target capital structure
- WACC calculated at 10.8%, according to above data
- Perpetual growth rate after explicit projections (G): 2% as inflation coverage
- Terminal Value assumes a 15% EBITDA margin
- Surplus asset €3.5m IperAnconaNord greenfield land

DCF valuation						
€m	2023	2024E	2025E	2026E	2027E	Perpetuity
Revenues	24.9	32.8	44.2	45.0	50.6	51.5
EBITDA	3.7	5.7	8.5	8.7	9.8	7.7
<i>Margin</i>	<i>14.8%</i>	<i>17.3%</i>	<i>19.3%</i>	<i>19.3%</i>	<i>19.3%</i>	<i>15.0%</i>
EBIT	3.3	5.4	8.0	8.1	9.1	7.2
<i>Margin</i>	<i>13.4%</i>	<i>16.3%</i>	<i>18.2%</i>	<i>18.0%</i>	<i>18.0%</i>	<i>14.0%</i>
Taxes	(1.0)	(1.5)	(2.3)	(2.3)	(2.6)	(2.1)
NOPAT	2.4	3.8	5.7	5.8	6.5	5.1
D&A	0.4	0.3	0.5	0.6	0.7	0.5
Provisions	0.0	0.6	0.6	0.5	0.5	0.0
Cash flow from operations	2.7	4.7	6.8	6.9	7.7	5.6
Trade Working Capital	0.0	(10.4)	(5.3)	(2.1)	(2.4)	(1.5)
Capex	0.0	(0.6)	(1.1)	(1.0)	(1.0)	(0.5)
Other assets and liabilities	0.0	4.8	0.6	0.0	0.3	0.0
Yearly Unlevered Free Cash Flows	2.7	(1.5)	1.0	3.8	4.5	3.6
- H1 Unlevered Free Cash Flows		2.2				
Unlevered free cash flow		0.8	1.0	3.8	4.5	3.6
WACC	10.8%					
Long-term growth (G)	2.0%					
Discounted Cash Flows		0.7	0.8	3.0	3.2	
Sum of Discounted Cash Flows	7.6					
Terminal Value						40.8
Discounted TV	28.4					
Enterprise Value	36.1					
Net (Debt) Cash as of 30/06/2024	(0.7)					
IPO proceeds	4.2					
Surplus Asset	3.5					
Equity Value	43.0					
Equity Value per share (€)	4.48					

DCF - Implied multiples	2023	2024E	2025E	2026E	2027E
EV/Revenues	1.4x	1.1x	0.8x	0.8x	0.7x
EV/EBITDA	9.8x	6.4x	4.2x	4.2x	3.7x
EV/EBIT	10.8x	6.7x	4.5x	4.4x	4.0x
P/E	22.0x	11.9x	7.8x	7.7x	6.8x

Current Market Price- Implied multiples	2023	2024E	2025E	2026E	2027E
EV/Revenues	1.1x	0.8x	0.6x	0.6x	0.5x
EV/EBITDA	7.5x	4.9x	3.3x	3.2x	2.8x
EV/EBIT	8.3x	5.2x	3.5x	3.4x	3.0x
P/E	13.8x	7.5x	4.9x	4.9x	4.3x

Source: EnVent Research

Market multiples

We applied to our 2025E-26E projections the median multiples of two clusters deriving from 2Y analyst consensus. Based on industry accounting practices, it would be more meaningful to rely on EV/EBITDA, as a proxy of cash flow.

Multiples application

Ubaldi (€m)		Market Multiples (median)	Enterprise Value	Net (Debt) Cash 30.06.2024	Surplus Asset	IPO proceeds	Equity value
2024E Revenues	32.8	0.5x	14.9	(0.7)	3.5	3.3	21.0
2025E Revenues	44.2	0.5x	20.1	(0.7)	3.5	3.3	26.2
2026E Revenues	45.0	0.4x	18.8	(0.7)	3.5	3.3	24.9
Mean (2025-26E)			19.4				25.5
2024E EBITDA	5.7	6.6x	37.5	(0.7)	3.5	3.3	43.6
2025E EBITDA	8.5	5.3x	44.7	(0.7)	3.5	3.3	50.8
2026E EBITDA	8.7	4.5x	38.7	(0.7)	3.5	3.3	44.8
Mean (2025-26E)			41.7				47.8
2024E EBIT	5.4	8.4x	45.1	(0.7)	3.5	3.3	51.2
2025E EBIT	8.0	7.3x	58.6	(0.7)	3.5	3.3	64.7
2026E EBIT	8.1	6.3x	51.1	(0.7)	3.5	0.0	53.8
Mean (2025-26E)			54.8				59.3
2024E Earnings	3.6	15.8x			3.5		60.5
2025E Earnings	5.5	10.8x			3.5		63.2
2026E Earnings	5.6	8.7x			3.5		52.0
Mean (2025-26E)							57.6
Mean Equity Value							47.6

EV/EBITDA more meaningful

Mean multiples 2025-26E

Source: EnVent Research

Note: IPO proceeds are net of €0.9m IPO costs

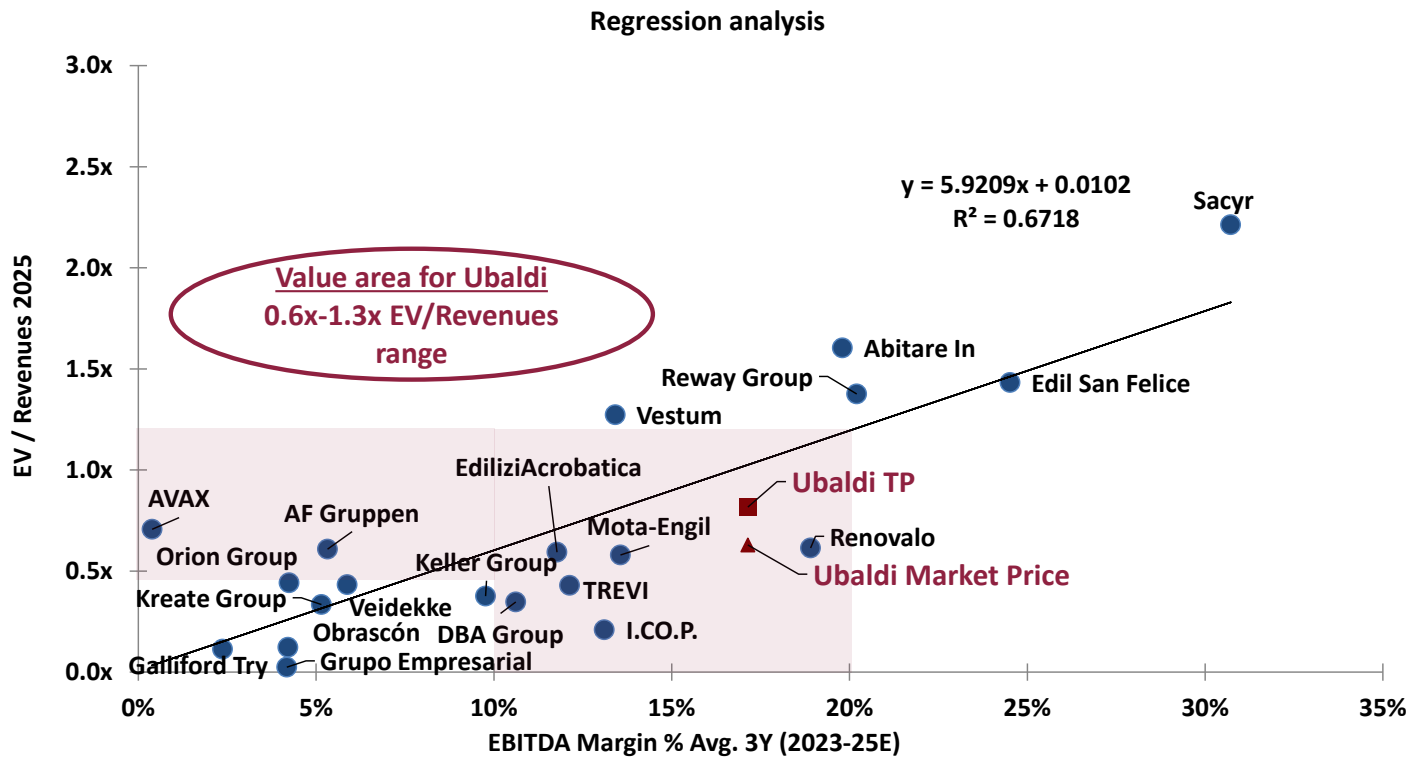
Valuation based on regression analysis: a suitable growth path

Given the consistency of growth trends, profitability factors and key market multiples across various segments over the years, we have aggregated data of the two clusters analyzed and designed the resulting value area.

Key takeaways:

- The lower performance portion of the chart, including most international peers, trades at EV/Revenues lower than 0.5x
- More profitable Italian peers, such as Reway, Abitare In and Edil San Felice, enjoy a higher valuation thanks to their specializations, while Renovalto has especially benefited of Superbonus

- The industry exposure to cycles and wide and spread range of operating profits, related to business mix and specializations, is reflected in an extensive value area



Source: EnVent Research

Wide area for industry cyclicality

The regression analysis makes easier to visualize a value area for Ubaldi, combining the embedded values implied by EV/Revenues of listed peers and their EBITDA margin. Regression envisages that EBITDA margin range of 10-20% would correspond to 0.6x-1.3x EV/Revenues, whose correlation is supported by almost 70% R².

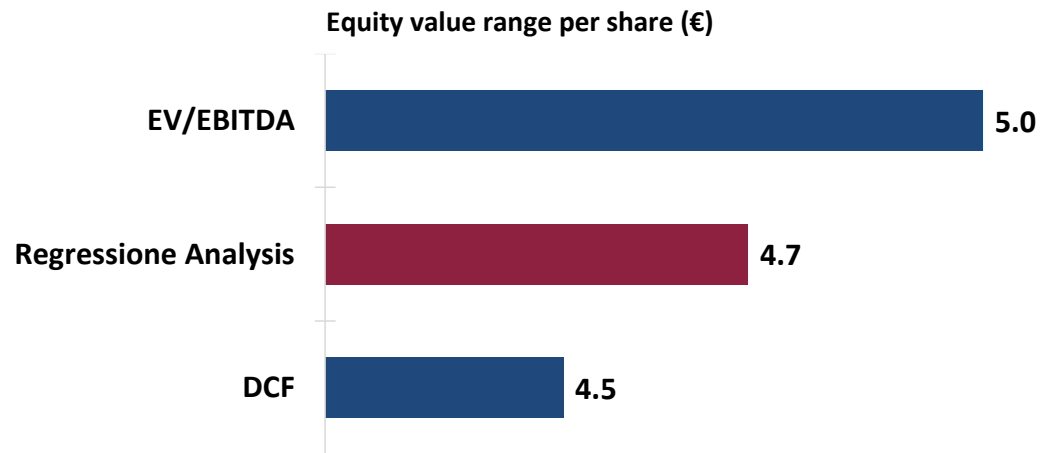
Regression analysis application

	EBITDA %	EV/Rev.	Revenues	EV	Net Debt	Surplus Asset	IPO proceeds	Equity value	Equity value Disc.
2024E	17.3%	1.0x	32.8	34.0	(0.7)	3.5	4.2	40.9	36.9
2025E	19.3%	1.2x	44.2	50.9	(0.7)	3.5	4.2	57.9	47.1
2026E	19.3%	1.2x	45.0	51.9	(0.7)	3.5	4.2	58.8	43.2
Mean 2025-26E									45.2

Source: EnVent Research on S&P Capital IQ

Valuation summary and Target Price

The DCF model, market multiples and regression analysis provide the following:



Source: EnVent Research

Note: Blue line represents the valuation methods used for TP

Our valuation points to an equity value of €45m (mean of DCF and EV/EBITDA 25-26E). We initiate the coverage of Ubaldi Costruzioni with an OUTPERFORM rating, based on a Target Price per share of €4.70, which is in line with the regression analysis, +135% on €2.00 IPO offer price and with a potential upside of 67% on current share price.

Please refer to important disclosures at the end of this report.

Ubaldi Costruzioni	€
Target Price	4.70
Current Share Price (14/02/2025)	2.82
Premium (Discount)	67%

Source: EnVent Research

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The “OUTPERFORM”, “NEUTRAL”, AND “UNDERPERFORM” recommendations are based on the expectations within a 12-month period from the date of rating indicated in the front page of this publication.

Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks expected to have a downside within the reference market or industry, with a target price more than 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

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Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 14/02/2025 h. 7.00pm

Date and time of Distribution: 17/02/2025 h. 9.30pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
17/02/2025	OUTPERFORM	4.70	2.82

ENVENT RECOMMENDATION DISTRIBUTION (December 31th, 2024)

Number of companies covered:	28	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
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of which EnVent clients % *		82%	50%	100%	na	na	na

* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.

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