

# Reway Group SPA

Sector: Infrastructures maintenance and reparation



## Expansion into the railway business bears fruits

Reway Group (RWG) is a leading Italian company active in viaduct, tunnel and bridges rehabilitation, installation of safety and sound-absorbing barriers, seismic upgrading, and various other activities related to extraordinary maintenance of highways / roads.

### Railway subsidiary secures €84mn order from RFI

The Reway Group has announced that its subsidiary, Gema, has secured new contracts valued at approximately €84mn in the railway sector. These contracts are associated with four framework agreements awarded by RFI, focusing on the maintenance of stations, buildings, and railway infrastructures across several Italian regions. The key contracts include:

- 1) €26mn for the ordinary maintenance of selected stations in Abruzzo, Umbria, Tuscany, Liguria, and Marche;
- 2) €24.5mn for routine maintenance of stations in the Rome area;
- 3) €19mn for an acoustic rehabilitation project in Tuscany;
- 4) €8.1mn for extraordinary maintenance of civil railway structures in Lazio and Sardinia;
- 5) €6.5mn for additional contracts related to railway infrastructures maintenance. The works are scheduled to commence in the second half of 2024, with project durations ranging from two to three years.

### Backlog closer to reach the €1bn milestone

We appreciate the news from both a quantitative and qualitative perspective. Quantitatively, we highlight that: 1) over the last three months, RWG has been awarded new orders totalling approximately €214mn; 2) the updated backlog figures, including those for Gema, are expected to exceed €900mn, reaching an all-time high, which represents more than five years of revenue. Qualitatively, we emphasize that these contracts: 1) demonstrate that the relationship with its main client RFI (Rete Ferroviaria Italiana) remains strong, despite Gema (formerly Se.Gi.) only recently being readmitted to RFI supplier portal; 2) affirm the strategic rationale for entering the railway market.

### Estimates and Fair Value confirmed

Pending full year results, we are not modifying our 2023PFE-24E-25E estimates and our €6.33 per share fair value.

At fair value, Reway Group would trade at 7.4x EV/EBITDA, 8.3x EV/EBITA, 12.7x Adj. P/E 2024E multiples.

#### Analysts

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**Fair Value (€) 6.33**

**Market Price (€) 5.06**

**Market Cap. (€m) 194.8**

KEY FINANCIALS (€m)	2022PF	2023E	2024E
VALUE OF PRODUCTION	110.5	133.4	199.6
EBITDA	19.6	24.3	42.4
EBITA	17.9	20.6	37.8
ADJ. NET PROFIT	11.6	14.1	19.2
OPFCF a.t.	8.0	5.0	40.4
NET INV. CAP.	42.6	146.8	127.6
EQUITY	38.7	69.0	85.7
NET FIN. POS.	-3.9	-77.8	-41.9

Source: Reway Group S.p.A. (historical figures), Value Track (2023E-24E estimates),

KEY RATIOS	2022PF	2023E	2024E
EBITDA MARGIN (%)	17.7	18.2	21.2
EBITA MARGIN (%)	16.2	15.4	18.9
NET DEBT / EBITDA (x)	0.2	2.1(*)	1.0
NET DEBT / EQUITY (x)	0.1	1.0	0.5
EV/SALES (x)	1.3	1.7(*)	1.3
EV/EBITDA (x)	7.7	8.1(*)	6.2
EV/EBITA (x)	8.5	9.3(*)	7.0
P/E ADJ. (x)	12.7	8.5(*)	10.2

Source: Reway Group S.p.A. (historical figures), Value Track (2023E-24E estimates) (\*)12 months Se.Gi.

#### STOCK DATA

FAIR VALUE (€)	6.33
MARKET PRICE (€)	5.06
SHS. OUT. (m)	38.5
MARKET CAP. (€m)	194.8
FREE FLOAT (%)	16.8
AVG. -20D VOL. ('000)	18,071
RIC / BBG	RWY.MI / RWY IM
52 WK RANGE	3.10-5.20

Source: Stock Market Data



## Business Description

Reway Group (RWG) is a leading Italian company active in: 1) Viaduct and tunnel rehabilitation; 2) Installation of safety and sound-absorbing barriers; 3) Seismic upgrading of viaducts; 4) Various other activities related to extraordinary maintenance of highways / roads.

RWG is the only Italian player covering all stages of the restoration chain and offering a “One stop shop” service, highly valued from clients who only have to deal with a single counterpart.

## Key Financials

€mn	2022PF	2023E	2024E	2025E
<b>Net Revenues</b>	<b>92.1</b>	<b>132.4</b>	<b>198.6</b>	<b>218.3</b>
Chg. % YoY	0.0%	43.7%	50.1%	9.9%
<b>EBITDA</b>	<b>16.9</b>	<b>24.3</b>	<b>42.4</b>	<b>46.8</b>
EBITDA Margin (%)	18.3%	18.4%	21.3%	21.4%
<b>EBITA</b>	<b>17.9</b>	<b>20.6</b>	<b>37.8</b>	<b>42.7</b>
EBIT Margin (%)	16.2%	15.4%	18.9%	19.5%
<b>Net Profit</b>	<b>8.4</b>	<b>11.6</b>	<b>13.3</b>	<b>17.2</b>
Chg. % YoY	0.0%	37.8%	15.2%	29.1%
<b>Adjusted Net Profit</b>	<b>11.6</b>	<b>14.1</b>	<b>19.2</b>	<b>23.0</b>
Chg. % YoY	nm	35.7%	36.2%	20.3%
<b>Net Fin. Position</b>	<b>-3.9</b>	<b>-77.8</b>	<b>-41.9</b>	<b>-14.9</b>
Net Fin. Pos. / EBITDA (x)	0.5	2.1(*)	1.0	0.3
Capex	-1.5	-6.0	-6.5	-7.1
<b>OpFCF b.t.</b>	<b>8.5</b>	<b>10.4</b>	<b>49.5</b>	<b>41.5</b>
OpFCF b.t. as % of EBITDA	50.2%	42.6%	116.9%	88.6%

Source: Reway Group SpA (historical figures), Value Track (estimates), (\*) Se.Gi. 12 months

## Investment case

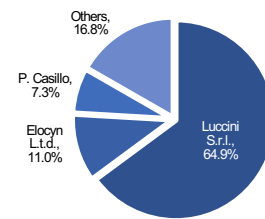
### Strengths / Opportunities

- ◆ High visibility of future business resulting from the combination of market growth rate and works assignment defined on good notice;
- ◆ Strongly cash generative business model with low capital requirements;
- ◆ Italian road infrastructure benefitting from multi-year investment plans.

### Weaknesses / Risks

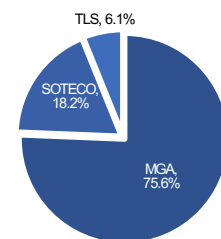
- ◆ Revenue concentration on a very few clients, with top 3 customers accounting for ca. 95% of FY22PF revenues;
- ◆ Limited operating leverage due to the high incidence of costs that are proportional to VoP;
- ◆ Exposure to volatility of raw materials prices (20% of VoP).

## Shareholders Structure



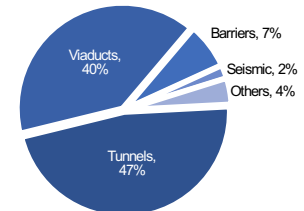
Source: Reway Group SpA

## FY22 Revenues by geography



Source: Reway Group SpA

## FY22 Revenues by business line



Source: Reway Group SpA

## Stock multiples @ €6.33 Fair Value

	2023PFE	2024E
EV / SALES (x)	2.0	1.6
EV / EBITDA (x)	9.4	7.4
EV / EBITA (x)	11.4	8.3
EV / CAP.EMP. (x)	nm	2.4
OpFCF Yield (%)	10.6	16.3
P / E Adj. (x)	10.7	12.7
P / BV (x)	3.6	3.0
Div. Yield. (%)	0.0	0.0

Source: Value Track

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IL PRESENTE DOCUMENTO NON COSTITUISCE O FORMA PARTE DI, NÈ VA CONSIDERATO IN ALCUN MODO, UN'OFFERTA O UN INVITO PER LA SOTTOSCRIZIONE O L'ACQUISTO DI STRUMENTI FINANZIARI. NÈ IL PRESENTE DOCUMENTO NÈ QUANTO IN ESSO CONTENUTO NON COSTITUISCE INOLTRE UNA PROPOSTA CONTRATTUALE OVVERO UN'ASSUNZIONE DI OBBLIGHI DI QUALSIASI GENERE. IL PRESENTE DOCUMENTO NON È STATO PUBBLICATO MA È SOLAMENTE STATO MESSO A DISPOSIZIONE DI INVESTITORI QUALIFICATI. QUALSIASI DECISIONE DI SOTTOSCRIVERE O ACQUISTARE LE AZIONI NELL'AMBITO DELL'OFFERTA DOVRÀ QUINDI FONDARSI ESCLUSIVAMENTE SULLE INFORMAZIONI CONTENUTE NEI DOCUMENTI DI OFFERTA PRODOTTI IN CONNESSIONE ALL'OFFERTA. IL PRESENTE DOCUMENTO PUÒ ESSERE DISTRIBUITO NEL REGNO UNITO UNICAMENTE (a) (I) A SOGGETTI RIENTRANTI NEL CAMPO DI APPLICAZIONE DELL'ARTICOLO 19 O DELL'ARTICOLO 49 DEL FINANCIAL SERVICES AND MARKET ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (E SOLTANTO NELLA MISURA IN CUI LE CONDIZIONI PREVISTE NEI MENZIONATI ARTICOLI SIANO SODDISFATTE, OVVERO LO SARANNO AL MOMENTO DELLA DISTRIBUZIONE DEL PRESENTE DOCUMENTO) O (II) A QUALSIASI ALTRO SOGGETTO A CUI IL PRESENTE DOCUMENTO POSSA ESSERE LEGALMENTE DISTRIBUITO; E (b) INVESTITORI QUALIFICATI AI SENSI DELL'ARTICOLO 2(1)(E) DEL REGOLAMENTO PROSPETTI (REGOLAMENTO(UE) 1129/2017) (UNITAMENTE CONSIDERATI, "SOGGETTI RILEVANTI"). IL PRESENTE DOCUMENTO NON DEVE ESSERE PRESO IN CONSIDERAZIONE NE' SU DI ESSO PUO' ESSERE FATTO AFFIDAMENTO DA PARTE DI SOGGETTI NON RILEVANTI. QUALSIASI INVESTIMENTO O ATTIVITÀ DI INVESTIMENTO A CUI IL PRESENTE DOCUMENTO SI RIFERISCE VA EFFETTUATA ESCLUSIVAMENTE NEI CONFRONTI DI SOGGETTI RILEVANTI. IL PRESENTE DOCUMENTO PUÒ ESSERE DISTRIBUITO IN ITALIA SOLTANTO AGLI INVESTITORI QUALIFICATI, AI SENSI DELL'ARTICOLO 2 DEL REGOLAMENTO PROSPETTI. PERTANTO IL PRESENTE DOCUMENTO NON PUÒ IN ALCUN MODO ESSERE DISTRIBUITO: (I) AL PUBBLICO INDISTINTO; (II) ATTRAVERSO CANALI DI DIVULGAZIONE, ATTRAVERSO I QUALI LE INFORMAZIONI SIANO O È PROBABILE CHE SIANO RESE PUBBLICHE, OSSIA CHE DIVENGANO ACCESSIBILI A UN GRAN NUMERO DI PERSONE; (III) A SOGGETTI NON RIENTRANTI NELLA SUDETTA DEFINIZIONE DI INVESTITORI QUALIFICATI. RICEVENDO IL PRESENTE DOCUMENTO, VI IMPEGNA A RISPETTARE LE RESTRIZIONI IVI PREVISTE. IL PRESENTE DOCUMENTO È STATO PREDISPOSTO IN MODO AUTONOMO RISPETTO A SOLBIAN ENERGIE ALTERNATIVE S.R.L. (LA "SOCIETÀ"), AI SUOI AZIONISTI E ALLE SUE CONTROLLATE E LE PREVISIONI E VALUTAZIONI IVI CONTENUTE SONO ESPRESSE ESCLUSIVAMENTE DA VALUE TRACK S.R.L. NELL'AMBITO DELLA SUA NORMALE ATTIVITÀ DI RICERCA E NON SONO STATE AUTORIZZATE O APPROVATE DA TERZI SOGGETTI. VALUE TRACK S.R.L. NON È AUTORIZZATO A FORNIRE INFORMAZIONI O RILASCIARE DICHIARAZIONI O GARANZIE PER CONTO DELLA SOCIETÀ, DEI SUOI AZIONISTI O DELLE SUE CONTROLLATE, I LORO RISPETTIVI CONSULENTI O QUALSIASI ALTRO SOGGETTO A QUESTI CONNESSO. NONOSTANTE OPPORTUNE PRECAUZIONI SIANO STATE PRESE AFFINCHÉ TUTTI I FATTI RAPPRESENTATI NEL DOCUMENTO SIANO CORRETTI E LE PREVISIONI, OPINIONI E VALUTAZIONI IVI CONTENUTE SIANO RAGIONEVOLI, TUTTAVIA VALUE TRACK S.R.L. NON HA EFFETTUATO ALCUNA VERIFICA INDIPENDENTE RISPETTO ALLE INFORMAZIONI CONTENUTE NEL PRESENTE DOCUMENTO E PERTANTO NE' VALUE TRACK S.R.L. NE' LA SOCIETÀ NE' I SUOI AZIONISTI O E SUE CONTROLLATE, I LORO RISPETTIVI CONSULENTI O QUALSIASI ALTRO SOGGETTO A QUESTI CONNESSO, NE' I LORO RISPETTIVI AMMINISTRATORI, DIRIGENTI O IMPIEGATI SARANNO IN ALCUN MODO CONSIDERATI RESPONSABILI DEL CONTENUTO DEL PRESENTE DOCUMENTO E NESSUN AFFIDAMENTO DOVRÀ ESSERE FATTO IN MERITO ALLA PRECISIONE, COMPLETEZZA O CORRETTEZZA DELLE INFORMAZIONI CONTENUTE NEL PRESENTE DOCUMENTO. NESSUN SOGGETTO POTRÀ PERTANTO ESSERE RITENUTO RESPONSABILE DEI DANNI DERIVANTI DALL'UTILIZZO DEL PRESENTE DOCUMENTO O DAL SUO CONTENUTO OVVERO DEI DANNI COMUNQUE CONNESSI AL PRESENTE DOCUMENTO. VALUE TRACK S.R.L. (O I SUOI DIRIGENTI, AMMINISTRATORI O IMPIEGATI) POTREBBE, NEI LIMITI CONSENTITI DALLA LEGGE, TROVARSI A DETENERE STRUMENTI FINANZIARI DELLA (OVVERO OPZIONI, WARRANT O ALTRI DIRITTI RELATIVI ALLA, OVVERO UN INTERESSE NELLE AZIONI O ALTRI STRUMENTI FINANZIARI DELLA) SOCIETÀ E POTREBBE AGIRE SUL MERCATO O COME CONTROPARTE IN TRANSAZIONI RELATIVE A TALI STRUMENTI FINANZIARI.