

Reway Group

Sector: Infrastructure maintenance and reparation



Analysts

Luca Bernini

luca.bernini@value-track.com

Marco Greco

marco.greco@value-track.com

Rock-solid safe haven in times of uncertainty

Reway Group (RWY) 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 / railways.

FY24: Robust growth performance

FY24 results came out in line with our full-year estimates: 1) VoP at €232.3mn (+25% y/y vs. FY23PF) showing strong organic growth driven by higher project volumes; 2) EBITDA at €42.6mn (+10% y/y vs. FY23PF), yet lower margin (-252bps y vs. FY23PF) due to a greater reliance on subcontracting, driven by the need to execute a significantly expanded order backlog. 3) Net Debt at €67.0mn, up vs. €34.6mn as of Dec 2023 (reported), mainly due to €30mn cumulative cash outlay for the acquisition of the remaining 30% stake in Gema and a 60% stake in Vega.

Macro-resilient infrastructure play, with impressive momentum

In a scenario of rising macroeconomic trade-related uncertainties, RWY stands out as an extremely resilient play. The company benefits from: 1) nihil sensitivity to GDP and international trade flows; 2) strong market backdrop, with ~€40bn in public maintenance capex planned through 2032; 3) high short term visibility, with a €1bn backlog (4.5x FY24 VoP); 4) ongoing M&A momentum (30% Gema, 60% Vega in 2024), with targets in railway, electrification, signalling and other types of vertical integration.

P&L estimates confirmed, Debt a bit higher but reducing soon

We confirm our FY25-26E P&L estimates, while revising Net Debt upward due to higher working capital absorption linked to growth. Some relief may come from the newly acquired Vega, which should streamline tendering processes and shorten payment cycles. Our current forecasts are: 1) Top line at €273mn in 2026E, (8.4% CAGR_{24A-26E}); 2) EBITDA-EBITA margin at ~21.0%-19.1% in FY25E-FY26E; 3) Net Debt 2025 Year-End at ~€67.0mn, factoring tougher working capital dynamics.

Fair value increased at €7.60 per share

We upgrade fair value at **€7.60 per share**, as average of DCF (€8.0 p.s.) and Peers' analysis (€7.21 p.s.). At fair value, RWY would trade at 6.6x EV/EBITDA, 7.3x EV/EBITA, 10.4x Adj. P/E 2025E respectively.

Fair Value (€)	7.60
Market Price (€)(*)	7.00
Market Cap.	291.0

KEY FINANCIALS (€mn)	2024A	2025E	2026E
VALUE OF PRODUCTION	232.3	245.0	273.2
EBITDA	42.6	51.6	57.5
EBITA	38.8	46.8	52.1
NET PROFIT	17.9	23.6	27.4
NET INV. CAP.	156.4	160.5	172.2
EQUITY	89.4	113.1	140.9
NET FIN. POS.	-67.0	-47.3	-31.3
EPS ADJ. (€)	0.58	0.73	0.83

Source: Reway Group (historical figures)
Value Track (2025-26E estimates)

KEY RATIOS (*)	2024A	2025E	2026E
EBITDA MARGIN (%)	18.4	21.0	21.0
EBITA MARGIN (%)	16.7	19.1	19.1
NET DEBT / EBITDA (x)	1.6	0.9	0.5
NET DEBT / EQUITY (x)	0.7	0.4	0.2
EV/SALES (x)	1.5	1.3	1.1
EV/EBITDA (x)	7.9	6.2	5.3
EV/EBITA (x)	8.7	6.8	5.8
P/E ADJ. (x)	12.2	9.6	8.5

Source: Reway Group (historical figures)
Value Track (2025E-26E estimates)

STOCK DATA (*)	
MARKET PRICE (€)	7.0
SHS. OUT. (m)	38.8
MARKET CAP. (€m)	291.0
ENTERPRISE VALUE (€m)	338.4
FREE FLOAT (%)	13.1
AVG. -20D VOL. ('000)	7,432
RIC / BBG	RWY.MI / RWY IM
52 WK RANGE	4.95-7.24

Source: Stock Market Data



Business Description

Reway Group (RWY) 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 / railways.

RWY is one of the few Italian players 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	2023A	2024A	2025E	2026E
Value of Production	132.3	232.3	245.0	273.2
Chg. % YoY	43.6%	75.6%	5.5%	11.5%
EBITDA	26.4	42.6	51.6	57.5
EBITDA Margin (%)	20.0%	18.4%	21.0%	21.0%
EBIT	22.2	32.6	40.2	45.4
EBIT Margin (%)	16.8%	14.0%	16.4%	16.6%
Net Profit	13.9	17.9	23.6	27.4
Chg. % YoY	65.8%	28.3%	31.7%	16.5%
Adjusted Net Profit	15.7	22.2	28.2	32.1
Chg. % YoY	51.2%	41.9%	26.9%	13.8%
Net Fin. Position	-34.6	-67.0	-47.3	-31.3
Net Fin. Pos. / EBITDA (x)	1.3	1.6	0.9	0.5
Capex	-6.0	-5.2	-8.6	-10.9
OpFCF b.t.	-10.4	13.0	36.1	33.7
OpFCF b.t. as % of EBITDA	nm	30.5%	70.0%	58.6%

Source: Value Track SpA (historical figures), Value Track (estimates)

Investment case

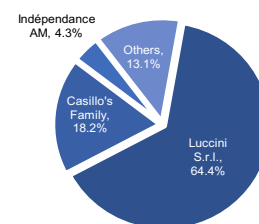
Strengths / Opportunities

- ◆ High business visibility thanks to orders received on good notice;
- ◆ Low macro sensitivity, decoupled from GDP and global trade dynamics;
- ◆ Strongly cash generative business model with low capital requirements;
- ◆ Italian road infrastructure benefitting from multi-year investment plans.

Weaknesses / Risks

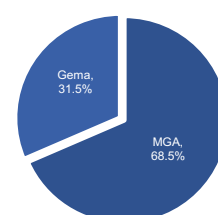
- ◆ Revenue concentration on a few clients;
- ◆ Limited operating leverage due to the high incidence of costs that are proportional to VoP.

Shareholders Structure



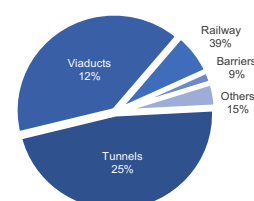
Source: Reway Group

FY24 Revenues by subsidiary (est.)



Source: Reway Group

Current Backlog by Segment



Source: Reway Group, (*) As of 27 Feb 2025

Stock multiples @ €7.60 Fair Value

	2025E	2026E
EV / SALES (x)	1.4	1.2
EV / EBITDA (x)	6.6	5.7
EV / EBITA (x)	7.3	6.3
EV / CAP.EMP. (x)	2.1	1.9
OpFCF Yield (%)	12.3	12.6
P / E Adj. (x)	10.4	9.2
P / BV (x)	2.6	2.1
Div. Yield. (%)	0.0	0.0

Source: Value Track

FY2024 Results

Introduction

Reway Group's 2024 performance confirms a solid growth trajectory, driven by strategic M&A and a robust order backlog that supports visibility over the coming years. P&L figures were broadly in line with our estimates, while net debt came in higher, mainly due to extraordinary dynamics impacting trade receivables. We expect this to partially normalize, also thanks to the Vega acquisition, which should streamline tendering processes and shorten payment cycles. The reference market remains extremely strong, due to the age of Italian highway and railway networks, and Reway is optimally positioned to benefit from the rising market demand.

Value of Production +76% y/y (+25.5% y/y like-for-like)

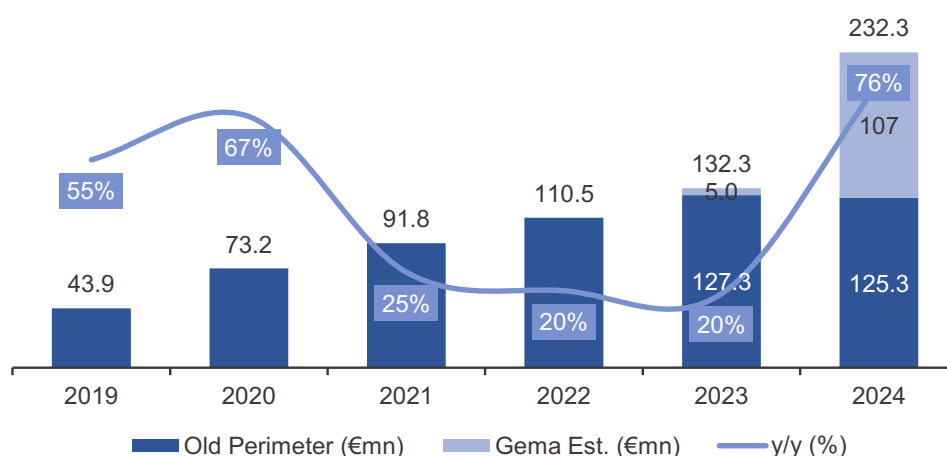
FY24 Value of Production reached €240.0mn (+75.6% y/y reported, +25.5% y/y vs. FY23 pro-forma), driven by the full-year consolidation of Gema, whose top line nearly doubled. This offset a slight decline in MGA, mainly due to the reallocation of key resources to support Gema's post-acquisition turnaround and a strategic focus on ramping up order intake within the new perimeter. Still, we expect the contribution from the two business segments to rebalance in FY25, with a more evenly split profile.

The consolidated Value of Production includes:

- ◆ €215.1mn Sales revenues, with a mix much more skewed towards Railway segment (~46% of VoP, we estimate);
- ◆ €11.7mn WIP, typical for the company's business model;
- ◆ €5.5mn Other Revenues, primarily derived from charges for personnel secondment, rentals of company-owned machinery to other entities, and, to a lesser extent, grants associated with investment incentives for the acquisition of interconnected and automated machinery.

Note that Vega, acquired in December, was not consolidated in FY24.

Reway Group: Revenues from Sales evolution FY19-FY24



Source: Value Track Analysis

Margins impacted by intensified subcontracting supporting faster execution

- ◆ **FY24 EBITDA amounted to €42.6mn** (+61.3% y/y reported, +10.1% vs. FY23 Pro-Forma), with **EBITDA margin of 18.4%** (-163bps). The margin contraction was mainly due to a greater reliance on subcontracting, driven by the need to execute a significantly expanded order backlog. This was particularly evident in 4Q, reflecting urgent works related to the Jubilee in Rome. As a result, service costs rose to 35% of VoP (vs. 30% in FY23), while the incidence of labor / raw material costs remained broadly stable y/y;
- ◆ **FY24 EBIT stood at €32.6mn** (+46.9% y/y reported, +2% y/y vs. FY23 Pro-Forma), with EBIT Margin declining 14.0% (-275bps) due to higher incidence of D&A related to significant FY23 investments in tangible assets, as well as goodwill generated by the acquisition of minority shares in MGA, Soteco, TLS and more recently from the acquisition of Gema and 60% of Vega (we estimate cumulative ~€6.7mn);
- ◆ **FY24 Net profit stood at €17.9mn** (+28.3% y/y reported, -11.8% vs. Pro-Forma), as a results of the above, together with higher financial charges related to an increased debt level (+€3.3mn y/y) and higher tax rate at ~37% (vs. 32% in FY24).

Reway Group: Profit & Loss FY22 FY24

(€mn)	2022	2023	2024	Δ YoY
Value of Production	110.5	132.3	232.3	75.6%
Raw Materials, Δ Inventory (Finished Goods)	-28.5	-31.1	-46.4	49.4%
Gross Profit	82.0	101.2	185.9	83.7%
Gross Margin (%)	74.2%	76.5%	80.0%	351bps
Costs of Services	-32.2	-36.5	-81.7	nm
Costs of Rent	-10.3	-15.9	-26.1	64.9%
G&A	-1.1	-0.5	-1.0	84.7%
Labour Costs	-18.8	-21.9	-34.4	56.9%
EBITDA	19.6	26.4	42.6	61.3%
EBITDA Margin (%)	17.7%	20.0%	18.4%	-163bps
D&A (excl. goodwill)	-1.5	-2.2	-3.8	77.5%
Provisions	-0.2	-0.4	0.0	nm
EBITA	19.5	23.9	38.8	62.2%
EBITA Margin (%)	17.7%	18.1%	16.7%	-138bps
Goodwill amortization	-1.7	-1.7	-6.2	nm
EBIT	17.9	22.2	32.6	46.9%
Interest Expenses	-0.2	-0.8	-4.1	nm
Pre-Tax Profit	17.7	21.4	28.5	33.1%
Taxes	-6.1	-6.8	-10.6	55.7%
Minorities	0.0	-0.6	0.0	nm
Net Profit	11.6	13.9	17.9	28.3%
Adjusted Net Profit	10.5%	10.5%	7.7%	-284bps

Source: Reway Group, Value Track Analysis

Debt Profile shaped by €30mn M&A-related cash-out

At Balance Sheet level we note:

- ◆ **Net fixed Assets at €78.0mn** (vs. €73.5mn in 2023 Year-End), mainly due to additional goodwill from the acquisition of the remaining 30% stake in Gema and the 60% of Vega, net of D&A for the period (we estimate this to have account for ~8mn);
- ◆ **Working Capital at €91.0mn** (vs. €78.6mn in Dec 2023), impacted by some projects executed under the reserve mechanism which entails longer validation cycle. We expect this to partially normalize in FY25, also thanks to the Vega acquisition, which should streamline tendering;
- ◆ **Provision at €16.0mn**, with the exceptional balance mainly related to items recognized as contingencies, which are expected to gradually unwind over the next two fiscal years;
- ◆ **Net Debt at €67.0mn** (vs. Net Debt of €34.6mn in Dec 2023), mainly due to the outlay related to Gema's residual minorities buyout (€27mn) and Vega 60% stake (€2mn). In other terms, Operating Free Cash Flow (after taxes) reached a substantial break-even, and the €32.4mn increase in Net Financial Position is almost entirely due to the €30.6mn financial investments.

Reway Group: Balance Sheet FY22-FY24

(€mn)	2022	2023	2024
Net Fixed Assets (incl. Goodwill)	22.9	73.5	81.4
Net Working Capital	21.2	78.6	91.0
Provisions	1.6	28.1	16.0
Total Capital Employed	42.6	124.1	156.4
Group Net Equity	38.7	89.5	89.4
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	-3.9	-34.6	-67.0

Source: Reway Group, Value Track Analysis

Reway Group: Cash Flow Statement FY22-FY24

(€mn)	2022	2023	2024
EBITDA	19.6	26.4	42.6
Δ NWC	-2.1	-57.4	-12.4
Capex (excl. Financial Inv.)	-3.3	-10.7	-5.2
Δ Provisions	0.0	26.5	-12.1
OpFCF b.t.	14.1	-15.1	13.0
As a % of EBITDA	71.9%	-57.2%	30.5%
Cash Taxes	-6.1	-6.8	-10.6
OpFCF a.t.	8.0	-21.9	2.4
Capital Injections	0.0	18.0	0.0
Others (incl. Financial Inv.)	0.4	-26.1	-30.6
Net Financial Charges	-0.2	-0.8	-4.1
Dividends Paid	-3.3	0.0	0.0
Δ Net Financial Position	4.9	-30.7	-32.4
Net Financial Position	-3.9	-34.6	-67.0

Source: Reway Group, Value Track Analysis

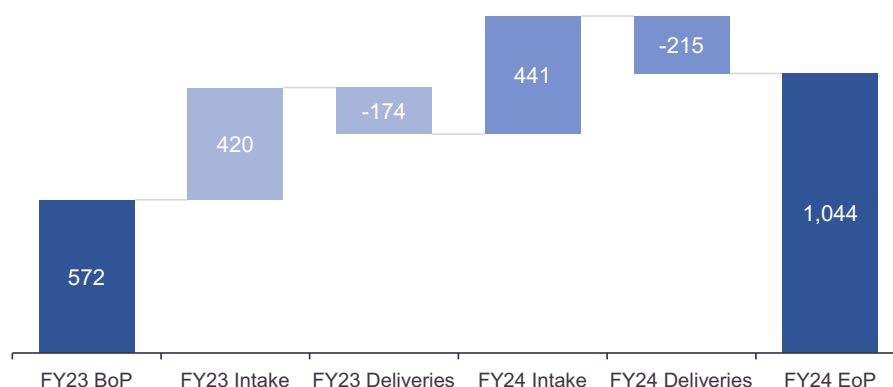
Corporate & Business Development

In FY2024, RWY demonstrated impressive momentum across both strategic initiatives and operational performance. We feel recent news flow and FY24 results should further solidify our optimism, as key developments continue to drive progress on both the corporate and business fronts.

#1 Business Development - Order intake still strong, Railway stands out

RWY continues to expand its order portfolio. According to its latest disclosure, the backlog stood at €1,338mn (gross, excluding 4Q24-1Q25 invoiced portion), and **as of December 2024 Net Backlog stood at €1,044mn.**

Reway Group: Backlog evolution FY23-FY24



Source: Reway Group, Value Track Analysis

This strong performance is further underscored by robust order intake figures:

- ◆ In **FY24**, order intake exceeded €440mn, above previous €406mn estimate;
- ◆ In **FY25E**, order intake has already surpassed €208mn, representing 52% of our FY25E estimate.
- ◆ **Since its IPO**, RWY has secured key contracts totaling €820mn.

Notably, the railway business continues to perform exceptionally well, exceeding initial expectations when the company first entered the sector. Since January 2024, RWY has secured over **€420mn in new railway contracts**, supported by strengthened relationships with key operators such as RFI. In the course of 2024, **RFI** invested €10bn in enhancing its infrastructure – ~30% of which was devoted to network maintenance - and awarded RWY orders amounting to **€270mn**, i.e. ~61% of FY24 order intake. Furthermore, the recent contract with **Ferrovienord** marks RWY's first entry into Milan, potentially paving the way for further opportunities.

Reway Group: Main orders acquired since IPO (March 2023)

Date	Contract Value (€mn)	Subsidiary	Client	Type
Apr 2023	123	TLS	ASPI	Rehabilitation of viaducts/tunnels
Dec 2023	35	SOTECO	Steelconcrete	Installation of barriers
Tot. 2023	158			
Jan 2024	62	MGA	ANAS	Design and construction
Feb 2024	33	MGA	Webuild	Highway restoration
Mar 2024	84	GEMA	RFI	Ordinary / extraordinary maintenance
Jun 2024	48	GEMA	RFI	Extraordinary maintenance
Sep 2024	42	GEMA	RFI	Construction
Sep 2024	54	MGA	ANAS	Rehabilitation of tunnels
Sep 2024	36	MGA	ANAS	Rehabilitation of viaducts
Nov 2024	39	GEMA	RFI	Extraordinary maintenance
Nov 2024	56	GEMA	RFI	Acoustic mitigation / extr. maintenance
Tot. 2024	454			
Feb 2025	111	TLS	Ferrovienord	Railway node renewal
Feb 2025	97	GEMA	RFI	Rehabilitation of railway tunnels
Tot. 2025	208			
Since IPO	820			

Source: Reway Group, Value Track Analysis

#2 Corporate Development – Group reorganization finalized, further M&A in Pipeline

Group Reorganization

In February 2025, the **merger by incorporation** of the subsidiaries Soteco S.r.l. and TLS S.r.l. into M.G.A. S.r.l. was finalized. This transaction is expected to enhance Reway Group's operational efficiency by streamlining management and administrative processes in its modernization initiatives.

At the time of IPO, maintaining separate entities and distinct points of contact was essential for preserving brand identity - each brand was well recognized in its respective niche - and unifying them under the Reway Group umbrella was deemed premature and potentially counterproductive.

However, conditions have now matured to support the consolidation of all companies involved in road works under one banner, especially given the increased volume of intercompany projects, which has amplified the workload for the tender office. This reorganization will simplify the management and administrative efforts, leveraging the already synergistic operations of the three subsidiaries.

M&A Pipeline

In 2024, Reway completed two transactions: the buyout of Gema's 30% minority stake (€27.2mn) in March and the acquisition of 60% of Vega Engineering (€3.6mn) in September, for a total value of €30.8mn. The Company remains highly inclined toward further acquisitions and currently has a robust **pipeline several potential M&A targets**. These targets span multiple strategic areas, including deepening integration within the railway sector, enhancing capabilities in electrification and signalling systems, and pursuing vertical integration opportunities that would provide access to key clients - particularly in sectors such as utilities that are not presently within its portfolio.

Huge Market Opportunity

In an environment marked by rising geopolitical uncertainty, supply chain fragmentation, and increasing sensitivity to trade flows, we believe **RWY continues to stand out as a potential defensive infrastructure play**.

Its business model is largely insulated from macro volatility due to three key attributes:

- ◆ Not GDP-correlated;
- ◆ Fully embedded in domestic infrastructure cycles;
- ◆ Unaffected by international trade dynamics (i.e., no exposure to export flows or tariff risks).

Between **2025-2032**, **~€40bn of infrastructure maintenance capex** are planned by RFI, ANAS, and ASPI alone, and we deem RWY is well positioned to ride this cycle, thanks to its strong execution credentials and alignment with public-sector priorities.

We view RWY as a relative **safe haven** within the industrial sector, with high visibility and structural support for earnings.

Planned Railway and Road Infrastructure Capex in Italy – Main Players

Sector	Entity	Period	Total Capex (€bn)	Maintenance (€bn)	Expansion / New Works (€bn)
Rail	RFI	2025-2029	60	30	30
Roads	ANAS / MIT	2025-2029	25	5	20
Roads	ASPI	2023-2032	22	9	13
Total		44	107	44	63

Source: Reway Group, Value Track Analysis

Scheduled Investments in Italian Rail Infrastructure

RFI, the infrastructure arm of Italy's FS Group (Ferrovie dello Stato), is set to deploy over **€60bn in rail infrastructure investments between 2025- 2029**, as part of the Group's broader +€100bn strategic plan.

The capital allocation is expected to be evenly split between two core priorities;

- ◆ **~€30bn will be allocated to extraordinary maintenance** and modernization of existing infrastructure (tracks, stations, signaling, bridges);
- ◆ **~€30bn will support the development of new capacity**, including high-speed rail (AV), regional service improvements, and critical network nodes.

Scheduled Investments in Italian Road Infrastructure

- ◆ **ANAS**: Under the 2021–2025 Program Agreement, ANAS is executing a national road investment plan totaling **€44bn**, of which **€5bn** is explicitly allocated to **scheduled maintenance and structural safety** over a five-year period. This corresponds to **~11%** of total planned capex through 2025. Looking ahead, based on official 10-year targets (**€50bn** through 2034), ANAS is expected to invest an additional **€20–25bn** between **2025 and 2029**, maintaining a similar allocation logic.
- ◆ **ASPI**: Under its 2023–2032 Industrial Plan, Autostrade per l'Italia (ASPI) has committed to total infrastructure investments of approximately **€22bn** over ten years. Of this, **~€9bn is earmarked for extraordinary maintenance**, including structural safety, tunnels, and bridge upgrades accounting for roughly 40% of the plan.

2025E-26E Estimates

FY25-26E: P&L estimates confirmed, Net Debt impacted by working capital

Our P&L estimates are broadly confirmed, with only minor adjustments (within the $\pm 3\%$ range) embedding slightly higher revenue base and stable EBITDA. We revise cash generation downward, assuming working capital remains elevated ($\sim 40\%$ of VoP), despite potential improvements from Vega's faster execution and lower DSO - only partially included in our base case. Management underscores that 2024 was an exceptional year in terms of growth, and a similar performance - at least organically - is unlikely to be repeated in 2025. The current backlog fully covers the year's activity, shifting the company's strategic focus to execution.

As a result, the impact on RWY's projected estimates is minimal and results in the following:

- ◆ **Revenues:** expected to grow at an 8.4% CAGR over 2024-26E, reaching €273mn by the end of the forecast period. Growth is underpinned by a >€1bn net backlog and an additional €0.8bn in expected new orders over the next two years;
- ◆ **Profitability:** EBITDA and EBITA margins are seen at $\sim 20.0\%$ and 18.4% in FY26E, translating into €57.5mn and €52.1mn, respectively;
- ◆ **Net Debt at €31mn in FY26E**, with rapid deleveraging driven by €35.6mn cumulative cash generation, supported by normalized working capital dynamics and limited capex ($< 4\%$ of VoP).

Management highlights that 2024 was an exceptional year in terms of growth, and a similar trajectory - at least on an organic basis - is unlikely to be replicated in 2025. The current backlog fully covers planned activity for the year, shifting the company's focus squarely to execution.

Note that Reported EBIT and Net Profit for FY25E-26E should be impacted by $\sim €6.7\text{m}/\text{year}$ non-tax-deductible goodwill related to latest acquisitions, while EBITA (or Adjusted EBIT before goodwill) and Adjusted Net Profit remain unaffected by these non-cash accounting items.

Reway Group: Old vs. New Estimates 2024-2026E

€mn	2024			2025E			2026E		
	Old	New	Δ (%)	Old	New	Δ (%)	Old	New	Δ (%)
Total Revenues	230.0	232.3	1.0%	240.5	245.0	1.9%	270.9	273.2	0.8%
EBITDA	42.5	42.6	0.3%	52.0	51.6	-0.9%	57.8	57.5	-0.5%
EBITDA Margin (%)	18.5%	18.4%	-12bps	21.6%	21.0%	-58bps	21.3%	21.0%	-28bps
EBITA	38.5	38.8	0.8%	47.6	46.8	-1.6%	52.2	52.1	-0.2%
EBITA Margin (%)	16.7%	16.7%	-3bps	19.8%	19.1%	-67bps	19.3%	19.1%	-20bps
Net Profit Adj.	22.7	22.2	-2.2%	29.2	28.2	-3.4%	32.8	32.1	-2.1%
Net Fin. Position	-58.1	-67.0	-8.9	-36.3	-47.3	-11.0	-20.5	-31.3	-10.8

Source: Value Track Analysis

Reway Group: Backlog and Orders' intake evolution 2023-2026E

(€mn)	2023	2024	2025E	2026E
Backlog BoP (Beginning of Period)	572.0	818.5	1,153.7	1,348.2
(+) Orders Intake	420.5	560.0	431.0	431.0
Book-to-Bill	2.4	2.5	1.8	1.6
(-) Orders Delivered (*)	-174.0	-224.8	-236.5	-266.8
Backlog EoP (End of Period)	818.5	1,153.7	1,348.2	1,512.4

Source: Value Track analysis, (*) = Value of Production (excluded Vega)

Reway Group: Profit & Loss 2023-26E

(€mn)	2023	2024	2025E	2026E
Value of Production	132.3	232.3	245.0	273.2
Raw Materials, Δ Inventory (Finished Goods)	-31.1	-46.4	-53.9	-60.1
Gross Profit	101.2	185.9	191.1	213.1
Gross Margin (%)	76.5%	80.0%	78.0%	78.0%
Costs of Services	-36.5	-81.7	-72.3	-80.6
Costs of Rent	-15.9	-26.1	-28.2	-31.4
G&A	-0.5	-1.0	-1.2	-1.4
Labour Costs	-21.9	-34.4	-37.9	-42.2
EBITDA	26.4	42.6	51.6	57.5
EBITDA Margin (%)	20.0%	18.4%	21.0%	21.0%
D&A (excl. goodwill)	-2.2	-3.8	-4.7	-5.4
Provisions	-0.4	0.0	0.0	0.0
EBITA	23.9	38.8	46.8	52.1
EBITA Margin (%)	18.1%	16.7%	19.1%	19.1%
Goodwill amortization	-1.7	-6.2	-6.7	-6.7
EBIT	22.2	32.6	40.2	45.4
Interest Expenses	-0.8	-4.1	-4.0	-3.6
Pre-Tax Profit	21.4	28.5	36.2	41.8
Taxes	-6.8	-10.6	-12.3	-14.1
Minorities	-0.6	0.0	-0.3	-0.3
Net Profit	13.9	17.9	23.6	27.4
Adjusted Net Profit	15.7	22.2	28.2	32.1

Source: Reway Group, Value Track Analysis

Reway Group: Balance Sheet 202-26E

(€mn)	2023	2024	2025E	2026E
Net Fixed Assets (incl. Goodwill)	73.5	81.4	78.6	77.4
Net Working Capital	78.6	91.0	94.3	102.6
Provisions	28.1	16.0	12.4	7.8
Total Capital Employed	124.1	156.4	160.5	172.2
Group Net Equity	89.5	89.4	113.1	140.9
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	-34.6	-67.0	-47.3	-31.3

Source: Reway Group, Value Track Analysis

Reway Group: Cash Flow Statement 2023-26E

(€mn)	2023	2024	2025E	2026E
EBITDA	26.4	42.6	51.6	57.5
Δ NWC	-57.4	-12.4	-3.3	-8.3
Capex (excl. Financial Inv.)	-10.7	-5.2	-8.6	-10.9
Δ Provisions	26.5	-12.1	-3.6	-4.6
OpFCF b.t.	-15.1	13.0	36.1	33.7
<i>As a % of EBITDA</i>	<i>-57.2%</i>	<i>30.5%</i>	<i>70.0%</i>	<i>58.6%</i>
Cash Taxes	-6.8	-10.6	-12.3	-14.1
OpFCF a.t.	-21.9	2.4	23.8	19.6
Capital Injections	18.0	0.0	0.0	0.0
Others (incl. Financial Inv.)	-26.1	-30.6	-0.1	0.0
Net Financial Charges	-0.8	-4.1	-4.0	-3.6
Dividends Paid	0.0	0.0	0.0	0.0
Δ Net Financial Position	-30.7	-32.4	19.6	16.0
Net Financial Position	-34.6	-67.0	-47.3	-31.3

Source: Reway Group, Value Track Analysis

Valuation Update

Taking into account RWY's improved short-medium term outlook, higher than expected Net Debt Position and substantially stable peers' multiples, we **update our Fair Value at €7.60 per share**, supported by the average of our DCF-based valuation (€8.00 p.s.) and peer-based analysis (€7.21 p.s.). At €7.60 fair value, RWY would trade at **6.6x EV/EBITDA, 7.3x EV/EBITA, 10.4x Adj. P/E 2025E** multiples, at discount on EV/EBITA and P/E Adj. and slightly at premium on EV/EBITDA.

Reway Group: Valuation Summary

Valuation Methodologies	Fair Equity Value (€mn)	Fair Equity Value p.s. (€)
DCF Model	310.2	8.00
Current Market Multiples	279.8	7.21
Fair Equity Value (avg.)	295.0	7.60

Source: Value Track Analysis

Reway Group stock multiples at current market price and at fair value

Per Share	EV/Sales		EV/EBITDA		EV/EBITA		P/E Adj.	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
€ 7.00	1.30	1.11	6.2	5.3	6.8	5.8	9.6	8.5
€ 7.60	1.40	1.19	6.6	5.7	7.3	6.3	10.4	9.2

Source: Value Track Analysis

Discounted Cash Flow Model

Our DCF-based fair value stands at **€8.00 per share**. While higher net debt weighs on valuation, this is offset by stronger short-to mid-term prospects, supported by robust backlog visibility and execution. This ongoing traction supports a perpetuity growth rate uplift from 1.5% to 1.75%. The model assumes a rolling capital structure with WACC at 9.7% in 2026E, rising to a terminal Ke of 10.1%. Other assumptions remain unchanged.

- ◆ Unlevered Beta at 0.95, (Source: Damodaran web site, Construction / Engineering companies);
- ◆ Implied Italian Equity Risk premium at 5.37% (Source: Damodaran);
- ◆ 2.0% Risk Free Rate in line with medium term inflation target;
- ◆ 3.0% Company-specific Risk Premium (2.5% due to small-size +0.5% due to client concentration);
- ◆ 5.0% Pre-Tax Cost of Debt, still supported by optimal interest coverage ratio despite higher debt;

Reway Group: DCF Model with Rolling Capital Structure

(€mn, g = 1.75%)	(€mn)
PV of Future Cash-Flows 2026E-2030E	109.5
PV of Terminal Value 2030E	248.1
Fair Enterprise Value	357.6
Net Financial Position 2025E	-47.3
100% Fair Equity Value	310.2
NoSh Post-Deal (#)	38.8
Fair Equity Value per share (€)	8.00

Source: Value Track Analysis

Peers' current Stock Multiples

We confirm our peer cluster, which we remind was revised in our latest update to account for the emergence of many new domestic players amid robust infrastructure investments (e.g., *ICOP*, *Edil San Felice*, *Palingeo*, *Ubaldi Costruzioni* – ~€100mn avg. Mkt Cap).

We set average EV/EBITDA FY25-26E and P/E FY25-26E as the most pertinent multiples for our analysis. This leads to calculate Reway Group **fair Equity Value** per share at **€7.21**, which would imply RWY to trade at 6.0x-5.1x EV/EBITDA FY25-26E, and 13.0x-10.5x P/E Adj. FY25-26E.

Reway Group: Peers' Trading Multiples

Peers	Mkt Cap (€mn)	EV / EBITDA (x)		EV / EBITA (x)		P / E Adj. (x)	
		2025E	2026E	2025E	2026E	2025E	2026E
Edil San Felice S.P.A.	86	4.7	3.7	5.4	4.3	8.3	7.6
I.CO.P. S.p.A.	272	4.9	3.6	6.2	4.4	7.1	5.2
Palingeo S.P.A	38	2.5	2.1	3.4	2.8	4.6	4.4
Ubaldi Costruzioni SpA	29	2.3	1.8	2.4	2.0	5.2	5.1
Peab AB Class B	1,855	7.5	6.5	12.1	9.9	11.8	9.9
Veidekke ASA	1,697	6.2	5.8	10.2	9.3	15.1	14.1
Bilfinger SE	2,391	6.3	5.7	8.6	7.5	12.5	11.1
NCC AB Class B	1,364	5.3	5.0	8.8	8.1	10.6	10.0
Stadler Rail AG	2,088	7.2	5.0	12.0	7.7	15.2	10.1
Construction Partners, Inc. Class A	3,970	13.5	11.5	25.1	19.0	39.7	27.5
Average	1,379	6.0	5.1	9.4	7.5	13.0	10.5
Median	1,530	5.8	5.0	8.7	7.6	11.2	10.0

Source: Market Consensus, Value Track Analysis

Cross Check – Recent M&A Transaction in Infrastructure Industry

As an additional validation, we observe a sample of M&A multiples related to both international and domestic deals. As from the table below, the average multiples implied by these M&A deals, were **0.9x EV/Sales and 8.3 EV/EBITDA**, which appear largely supportive with respect to multiples implied by our RWY fair value, also considering that all the M&A deals considered factored a control premium.

Reway Group: Peers' Trading Multiples

Date	Buyer Name	Target	Country (Buyer)	Deal Size (\$mn)	EV/Revenue	EV/EBITDA
2025	Icop Subsoil	Atlantic GeoConstruction Holdings	Italy	126.0	1.1	7.1
2024	MSIP	Salcef	US	1,698	2.1	10.2
2023	Fincantieri	Remazel Engineering	Italy	70.9	0.6	7.9
2023	Spie Batignolles	CIFE (*)	France	49.5	0.3	6.7
2023	Bouygues	Colas	France	194.4	0.5	9.7
Average					0.9	8.3

Source: Factset, Value Track Analysis, (*) Compagnie Industrielle et Financière d'Entreprises SA

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