

ETI

Pipeline & Plant Infrastructure

Growing Through the Pipe-Line

ETI is a specialized infrastructure contractor focused on the construction, maintenance and repair of plants, facilities and pipelines for the transportation and treatment of fluids and gas, mainly serving the Oil&Gas and Water infrastructure sectors in Italy and abroad. Founded in 2000, ETI has built a strong execution track record in high-complexity welding, pipeline works, plant assembly, testing and commissioning.

Energy & Water Capex Cycle Driving Visible Growth

ETI is exposed to a market going through an unprecedented capex cycle driven by ageing energy and water networks, H2-readiness, security-of-supply investments and water-infrastructure renewal. Against this supportive backdrop, ETI has doubled its top line since 2023 and tripled it since 2020. As of 30 April 2026, the company reported €34.2mn backlog, equal to 1.8x FY25 Value of Production, providing high revenue visibility through 2028 and supporting continued growth.

Well Positioned to Scale, but Balance Sheet is a Key Enabler

ETI already has the operational and technical credentials required to scale in this market, including qualifications, vendor-list access, and a differentiating high-spec in-house workforce. The main constraint is now scale. Larger contracts require higher working capital, bonding capacity, owned machinery and upfront mobilization resources. The IPO equity raise directly addresses ETI's current bottleneck by unlocking access to larger tenders, reducing rental intensity, improving procurement terms and thus accelerating margin improvement.

Growth at the Core, Profitability Increasingly in Focus

We expect ETI's VoP to reach ~€39mn by 2030E (15% CAGR), supported by a growing backlog, broader access to blue-chip vendor lists and increasing participation in larger tenders. EBITDA is projected to triple by 2028E and to rise to €5.0mn by 2030E, with the margin expanding by ~600bps to 12.9%, driven by operating leverage, fleet internalization, lower rental costs and procurement efficiencies. As medium term growth rate normalizes and margins improve, cash generation as well should accelerate materially allowing ETI to reach Net Cash by 2030E.

Fair Equity Value at €8.50 Per Share

We initiate coverage on ETI with a Fair Equity Value of €8.5 per share, based on the average of: i) Valuation at Maturity, leading to €9.8 p/s based on 2030E financials; and ii) Peer-multiples valuation, applying a 15% size/liquidity discount and leading to €7.1 p/s. Our DCF indicates a value of €12.6 per share, highlighting further upside as growth, margin expansion and cash generation progressively materialize. At fair value, ETI would trade at 5.2x EV/EBITDA and 15.9x P/E on 2027E figures. Under our base-case warrant assumptions, ETI could receive a further €1.5mn of equity funding by 2029, with the fully diluted value remaining at ~€7.9 (fair equity value p/s dilution contained below 7%).

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FAIR VALUE (€) **8.50**
MARKET PRICE (€) **5.50**
MARKET CAP (€mn) **8.50**

KEY FINANCIALS	FY25	FY26E	FY27E
VALUE OF PRODUCTION	19.4	22.1	26.2
GROSS PROFIT	9.2	12.1	14.7
EBITDA	1.3	2.0	3.2
EBIT	0.8	1.2	2.3
NET PROFIT	0.2	0.3	0.8
CAPITAL EMPLOYED	7.2	8.8	9.5
GROUP NET EQUITY	1.9	5.3	6.1
NET DEBT (-) / NET CASH (+)	-5.3	-3.5	-3.4

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

RATIOS AND MULTIPLES	FY25	FY26E	FY27E
EBITDA MARGIN (%)	6.9	9.1	12.1
NET MARGIN (%)	0.9	1.6	3.1
NET DEBT / EBITDA (x)	3.9	1.7	1.1
ROCE. b.t. (%)	10.9	14.1	24.6
EV / SALES (x)	0.7	0.5	0.5
EV / EBITDA (x)	10.3	5.9	3.8
EV / EBIT (x)	17.6	9.7	5.1
P / E (x)	nm	24.4	10.3

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

STOCK DATA	
MARKET PRICE (€)	5.5
NOSH (mn)	1.5
MARKET CAP (€mn)	8.5
ENTERPRISE VALUE (€mn)	12.0
FREE FLOAT (%)*	35.3
AVG L30D VOLUME (#)	10,929
RIC / BBG	ETI.MI / ETIIM
52 WK MIN - MAX (€)	5.40 – 6.00

(*) Including Invitalia

Description

Founded in 2000, ETI is a specialized contractor focused on the construction, maintenance and repair of plants, facilities and infrastructure for the transportation and treatment of fluids and gas, primarily serving the Oil&Gas and Water top-tier operators. The Company mainly operates in the Construction phase of EPC projects and is expanding into Procurement and commissioning/testing. Over the last few years, ETI has delivered strong top-line growth (from €1mn in 2015 to €19mn in 2025) supported by a visible backlog and increasing access to direct tenders and vendor lists of blue-chip clients. As of 30 April 2026, ETI boasts €34.2m backlog (18 contracts, visibility through 2028) and a workforce of 168 employees (January 2026).

Financial Highlights

KEY FINANCIALS (€mn)	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Value of Production	19.4	22.1	26.2	33.2	36.0	39.2
y/y (%)	30.9%	13.8%	18.5%	26.6%	8.5%	8.8%
EBITDA	1.3	2.0	3.2	4.3	4.7	5.0
EBITDA Margin (%)	6.9%	9.1%	12.1%	12.9%	12.9%	12.9%
EBIT	0.8	1.2	2.3	3.3	3.6	3.8
EBIT Margin (%)	4.0%	5.6%	8.9%	9.8%	10.0%	9.8%
Net Profit	0.2	0.3	0.8	1.4	1.6	1.8
y/y (%)	68.6%	nm	nm	66.3%	19.4%	8.2%
Net Debt (-) Cash (+)	-5.3	-3.5	-3.4	-2.6	-1.3	0.2
NFP / EBITDA (x)	3.9	1.7	1.1	0.6	0.3	0.0
Capex	1.0	1.8	1.4	0.7	0.7	0.8
OpFCF b.t.	-1.1	-0.4	1.2	2.7	3.3	3.5
OpFCF b.t. / EBITDA (%)	<0	-17.4%	39.3%	62.2%	70.4%	69.9%

Source: ETI, Value Track Analysis

Investment Case

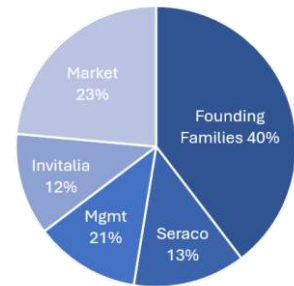
Strengths / Opportunities

- **Booming reference market:** gas / hydrogen / water networks require massive investment, and support a favorable long-term demand outlook;
- **Trusted execution platform:** 25+ years of experience, a blue-chip client base and a strong track record of successful project delivery;
- **High Revenue visibility:** the backlog fully covers FY26E revenues, provides partial coverage for FY27E and continues to grow strongly;
- **Margins can improve fast:** clear improvement already identified, including fleet internalization, procurement savings and operating leverage.

Weaknesses / Risks

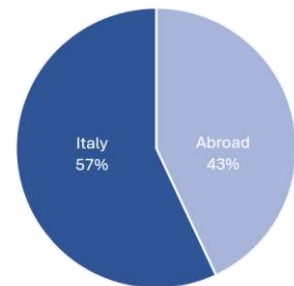
- **WC-intensive business model:** project ramp-ups may temporarily absorb cash and weigh on free cash flow;
- **Execution risk:** rapid growth and increasing contract size require effective operational and financial management.

SHAREHOLDER STRUCTURE



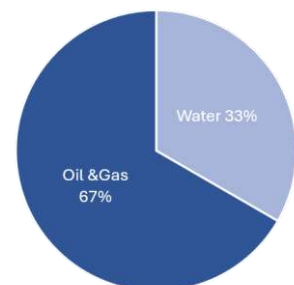
Source: ETI

REVENUES BY GEOGRAPHY



Source: ETI

REVENUES BY SEGMENT



Source: ETI

STOCK MULTIPLES @ FV	FY26E	FY27E
EV / SALES (x)	0.8	0.6
EV / EBITDA (x)	8.2	5.2
EV / EBIT (x)	13.4	7.1
EV / CAP. EMPLOYED	1.9	1.7
OpFCF Yield (%)	<0	7.8
P / E (x)	37.7	15.9
P / BV (x)	2.5	2.2
Dividend Yield (%)	0.0	0.0

Source: ETI

Table of Contents

Executive Summary	4
ETI at a Glance	6
Company Profile.....	6
Historical Milestones.....	7
IPO Details and New Shareholding Structure	8
Well-structured management team with a strong track record in the sector	10
Market Opportunity	11
Oil&Gas: Ageing Networks, Revamping Needs and Energy Independence.....	11
Water Infrastructure	14
Competitive Scenario: A fragmented execution market with a long tail of SMEs	15
ETI Features to Ride the Trend	16
#1 - Reliable Partner Focused on High-Complexity Works.....	16
#2 - SOA Qualification Allowing Access to Larger Public Tenders	17
#3 - Workforce Quality as Key Differentiator	17
#4 - Reputational Excellence	19
#5 - Proven Cross-Border Execution Model.....	20
Growth Requires Cash	21
#1 - Customer Concentration: Large Principals, Small Contractors	21
#2 - Net Working Capital Intensity and Order-Cycle Mechanics	21
#3 - Guarantees and Bonding: Structural Entry Barrier, Structural Cash Sink	22
#4 - Margin Expansion Achievable through Asset Ownership & In-House Work.....	23
#5 - Workforce Scaling: Growth Requires Capacity, which Requires Investment.....	23
Use of Proceeds	24
Financials	25
Historical Financials Reflect a Growth-First Strategy: Three Key Takeaways	25
2026E-30E Financial Forecasts.....	27
Valuation Criteria	30
Valuation Summary	30
#1 - Peers Analysis	31
#2 - Actualized Valuation at Maturity	33
Cross check - Discounted Cash Flow Model	34

Executive Summary

Niche Contractor with Execution-Critical Capabilities

Founded in 2000, ETI is a **specialist infrastructure contractor** focused on the **construction, maintenance and repair of plants and pipelines for fluid transportation**, with a core competence in **high-complexity welding**. With its registered office in San Donaci (BR), operational headquarters in Cesena, supported by multiple sites across Italy, the Company serves a concentrated but top-tier client base, including major national utilities such as Snam and Italgas, as well as EPC contractors and industrial players. ETI is positioned in the execution of **critical and non-commoditized phases** of infrastructure projects, where technical complexity, safety constraints and regulatory compliance significantly limit competitive intensity. Over the last few years, the company has delivered strong top-line growth (~54% CAGR₂₃₋₂₅ reaching €19.4m Value of Production in FY25), supported by a visible backlog and increasing access to direct tenders and vendor lists of blue-chip clients. As of 30 April 2026, ETI reported a **€34.2m backlog** (18 contracts, visibility through 2028) and a workforce of **168 employees** (January 2026).

Operating in Markets Entering an Unprecedented Capex Cycle

ETI is exposed to a **structurally supportive demand backdrop** driven by the ageing of Europe's energy and utility infrastructure and reinforced by policy-led investment programs driven by the EU Sovereignty theme:

1. In **Oil&Gas**, replacement and revamping needs, alongside H2 readiness, are underpinning a sustained midstream capex cycle, with Italy emerging as a **system-critical corridor** for South-to-North flows. ETI complements pipeline works with on-plot station/facility execution, enabling turnkey delivery across pipelines and plants—a capability not uniformly available across peers;
2. In parallel, **Water infrastructure** is entering a multi-year upgrade phase: ~€40bn of investments are expected across **2018–2029**, supported by the **PNRR** and the **PNISSI**, with priorities focused on leakage reduction, network renewal and climate resilience.

These dynamics translate into **repeatable, execution-heavy work packages** (pipeline replacement, tie-ins, welding/NDT, testing & commissioning) that sit squarely within ETI's core competence.

Well Positioned to Capture the Market Opportunity

We deem ETI's optimal business positioning is underpinned by five tangible strengths:

1. **Focus on high-complexity works:** ETI is focused on execution-critical activities (pressurised pipelines, high-spec welding, testing & commissioning), where quality, traceability and schedule discipline act as natural barriers to entry and reduce pure price competition. ETI also delivers plant and facility works alongside pipelines—an ability not shared by all peers;
2. **Qualification-driven market access:** ETI's SOA, ISO and EN certifications, together with accreditations from leading utilities and industrial clients, act as a hard gate to public and regulated tenders, narrowing competition and enabling access to larger, more visible contracts;
3. **High-spec, predominantly in-house workforce:** A skilled and certified labor base allows ETI to self-perform sensitive phases of projects, limiting subcontracting leakage, improving execution control and supporting margin resilience over the cycle;
4. **Technical and reputational excellence:** Over 25+ years, ETI has built a track record that translates into vendor-list inclusion and repeat tender invitations from blue-chip principals, improving backlog visibility and reducing reliance on open-market bidding;
5. **Proven cross-border execution:** Proven ability to mobilize people, equipment and compliance processes across jurisdictions enables ETI to follow pan-European investment programs (revamping, corridors, hydrogen-ready upgrades) and diversify geographically.

Growth Requires Cash

Pipeline and critical-infrastructure contracting is **structurally working-capital intensive**. Projects are cash-absorbing upfront (mobilization, labor, rentals, guarantees) and monetized over time through WIP/milestones, with retentions and bonding requirements acting as additional liquidity sinks. As a result, **balance-sheet capacity**—rather than technical capability alone—becomes the binding constraint to scale.

For ETI, strengthening the balance sheet is a prerequisite to (i) compete for larger tickets, (ii) smooth execution volatility and (iii) progressively improve margin quality through a more efficient internal/external execution mix.

IPO Proceeds to Scale the Platform and Access Larger Tickets

€3mn in gross proceeds were raised in the IPO and are expected to support ETI's transition from a growth-first contractor to a more scalable and better-capitalized execution platform. Proceeds are intended to address the main constraints highlighted by the historical financials: reliance on rented equipment, bonding and working-capital capacity, and procurement efficiency.

As such, IPO proceeds are expected to be allocated across three main areas:

- 50% to fleet, machinery and equipment purchase to reduce rental intensity;
- 35% to bonding and working capital capacity to access larger tenders;
- 15% to procurement optimization to improve supplier terms and project margins.

Solid Financial Trajectory, with New Capital as a Step-Change Enabler

ETI is expected to maintain a solid growth trajectory, supported by backlog visibility and the deployment of the proceeds across equipment, bonding and working capital, and procurement optimization.

- **Value of Production** increasing from €19.4mn in FY25 to **~€39mn by 2030E** (~15% CAGR 2025–30E);
- **EBITDA** growing from €1.3mn to **€5.0mn over the same period** (~30% CAGR 2025–30E), and tripling in only three years (2028E) from 2025;
- **EBITDA margin** improving from 6.9% to **12.9%**, mainly driven by operating leverage and gradual internalization of execution capacity;
- **Positive cash generation**, initially constrained by working-capital absorption, with ETI expected to reach net financial position **breakeven by 2030E**.

Fair Equity Value at €8.50 per share

We initiate coverage on ETI with a Fair Equity Value of **€8.5 per share**, corresponding to an equity value of €13.1mn. Our target is based on the average of: i) an Actualized Valuation at Maturity, which yields €9.8 per share based on 2030E financials; and ii) a peer-multiples valuation, applying a 15% discount to reflect ETI's smaller scale, limited liquidity and working-capital intensity. At fair value, ETI would trade at **5.2x EV/EBITDA and 15.9x P/E on 2027E figures**. Our DCF indicates a value of up to €12.6 per share, highlighting further upside as growth, margin expansion and cash generation progressively materialize. Under our base-case warrant assumptions, ETI could receive a further €1.5mn of equity funding by 2029, with the fully diluted value remaining at approximately €7.9 per share and dilution contained below 7%.

ETI at a Glance

ETI S.p.A. is a specialized contractor active in the construction and servicing of energy and industrial infrastructure, with a core focus on pipelines, gas distribution networks, district heating systems, and gas compression and treatment plants. ETI serves a concentrated but top-tier client base, including major utilities such as Snam, Italgas, Total as well as EPC contractors and industrial players. ETI combines a lean central structure with highly skilled/in-house technical workforce.

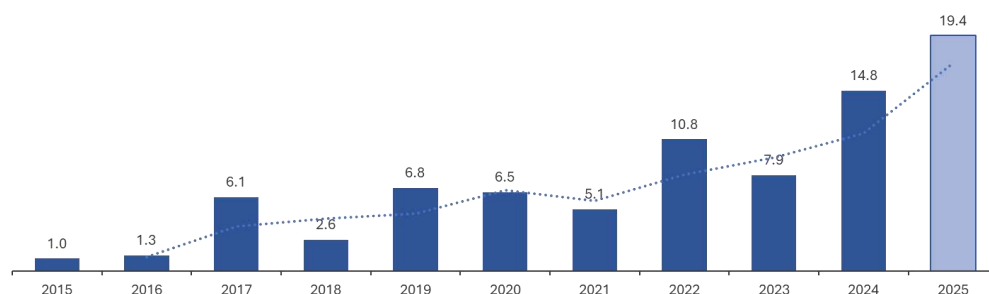
Company Profile

Founded in 2000, ETI is a specialized contractor focused on the construction, maintenance and repair of plants, facilities and infrastructure for the transportation and treatment of fluids and gas, primarily serving the Oil&Gas and Water sectors, with a core competence in **high-complexity welding**.

The Company serves a base of top-tier infrastructure operators, accessing projects through a mix of vendor lists, direct invitations, tenders, joint ventures (RTI) and consortia. Within the EPC framework, ETI's focus is in the Construction phase, while progressively expanding into Procurement (materials sourcing and supply management) and commissioning/testing activities.

Over the last few years, ETI has delivered strong top-line growth (from €1mn in 2015 to €19mn in 2025) supported by a visible backlog and increasing access to direct tenders and vendor lists of blue-chip clients. As of 30 April 2026, ETI boasts **€34.2m backlog** (18 contracts, visibility through 2028) and a workforce of **168 employees** (January 2026). On a 2-year rolling average basis, revenue growth appears more consistent and better reflects the underlying structural trend.

Revenues Evolution 2015-2025 & Last 2Y Rolling Average



Source: ETI, Value Track analysis

The mix between ETI's two core end-markets varies year by year depending on project phasing and order intake. Based on 2025 sales and the current backlog, however, the business currently appears slightly more Oil&Gas-oriented, accounting for approximately 67% of 2025 sales and 55% of backlog.

Sales and Backlog Breakdown by End-Market



Source: ETI, Value Track analysis

ETI generates revenues primarily in Italy, while maintaining a meaningful international contribution, ~46% of sales in 2025, and ~22% of backlog as of 30 April 2026.

Sales and Backlog Breakdown by Geography



Source: ETI, Value Track analysis

ETI can be awarded contracts through three main formats:

- **Directly as General Contractor:** typically on core competences and where ETI can take full execution responsibility end-to-end;
- **Through RTI/consortia:** used to meet multidisciplinary scope requirements and/or specific qualification thresholds, sharing execution and risk with partners;
- **Subcontracting:** where ETI is engaged by a main contractor as a specialist subcontractor for defined scopes, depending on project needs and counterpart requirements.

Historical Milestones

Here we highlight the main historical milestones that contributed to shape ETI evolution.

- **2000 – Company foundation:** Foundation of EurotecnImpianti S.r.l., specialised in passive protection (coatings and painting) and active protection (cathodic/electrical protection) for the Oil&Gas sector;
- **2016 – Management step-change:** a new management team, including the current Chairman and CEO, enters the Company, launching a structured development plan focused on operational scale-up, organizational strengthening and international expansion;
- **2023 – Capital strengthening and organizational step-up:** ETI completed a reserved capital increase and, in the same context, rebranded and converted into a joint-stock company (S.p.A.) to support a more structured scale-up and access larger contracts. Seraco also entered the shareholding structure by contributing two real estate assets in the Province of Parma, appraised at ~€240k. Additionally, ETI started operating in Austria on projects involving TAG GmbH, supporting its first projects in the country and strengthening its international footprint;
- **2025 – Corporate qualification:** ETI obtains SOA OG6 Class VI certification, a key milestone to access larger public infrastructure tenders. In parallel, the Company begins to further structure its organization and internal processes to support a higher bidding and execution capacity;
- **2026 – Listing on EGM:** In July 2026, ETI listed on Euronext Growth Milan, raising €3.0mn in gross IPO proceeds: these are intended to finance investments in owned vehicles, machinery and site equipment, strengthen bonding capacity and working capital to support participation in larger tenders, and optimise procurement through improved supplier terms and volume discounts.

IPO Details and New Shareholding Structure

€3.0mn Capital Raise Through the IPO

Following the IPO, ETI maintains an appropriately **balanced governance model**, combining the long-term alignment of a partly family-rooted ownership with a more institutional set-up, where meaningful decision-making space is also held by (1) the management team and (2) an external financial investor. The IPO consisted entirely of a primary capital increase, with 546,000 newly issued shares placed at €5.50 per share, including the full exercise of the greenshoe option. The transaction raised approximately **€3.0mn in gross proceeds** and implied **pre- and post-money equity values of €5.5mn and €8.5mn**, respectively. Following the offering, pre-IPO shareholders retained a combined 64.7% stake. The founding families remain ETI's largest shareholder group, with an aggregate 39.6% interest, while management retains a meaningful 12.1% stake and Seraco continues to act as a stable financial partner with 12.9%. The **Free-Float is 35.3%**, comprising **Invitalia's 11.8%** anchor investment and a 23.6% market free float.

Up to €1.7mn of Additional Funding from Warrants

IPO investors received, free of charge, one warrant for every two shares subscribed, plus an additional warrant for every two IPO shares retained for 12 months.

- **Exercise ratio:** 2 warrants for 1 new ETI share;
- **Exercise price:** €6.325 per share, a 15% premium to the IPO price;
- **Exercise windows:** five periods between July 2027 and July 2029.

Full exercise would generate approximately €1.7mn of additional equity funding through the issuance of up to **273,000 new shares**.

PAS Provide Downside Protection to IPO Investors

As part of the IPO, 454k shares held by pre-IPO shareholders were converted into Performance Shares (PAS), split into two tranches:

- **2027 PAS:** no conversion below €1.8mn Adjusted EBITDA, progressive conversion between €1.8mn and €2.0mn, and full conversion from €2.0mn;
- **2028 PAS:** no conversion below €2.0mn Adjusted EBITDA, progressive conversion between €2.0mn and €2.3mn, and full conversion from €2.3mn;
- **Leverage condition:** NFP/Adjusted EBITDA must not exceed 3.0x in each reference year.

The mechanism protects IPO investors in the event of underperformance by reducing the number of shares ultimately retained by pre-IPO shareholders. However, the full-conversion thresholds remain comfortably below our estimates, implying limited execution risk

Shareholding Structure – Post-IPO (including Greenshoe Exercise)

Shareholder	Ordinary Sh.	PAS.	% on Share Capital
Immobiliare FB S.r.l.	218,182	181,818	25.87%
Italia Salinaro	115,909	96,591	13.75%
Seraco S.r.l.	109,091	90,909	12.94%
Cristian Fresolone	54,546	45,454	6.47%
Lorenzo Casadei	40,909	34,091	4.85%
Alfredo Sisinni	6,818	5,682	0.81%
Invitalia S.p.A.	181,750	–	11.76%
Market	364,250	–	23.56%
Total	1,091,455	454,545	100.00%

Source: ETI

Shareholding Structure – Pre-IPO

Shareholder	Ordinary Sh.	% on Share Capital
Immobiliare FB S.r.l.	400,000	40.00%
Italia Salinaro	212,500	21.25%
Seraco S.r.l.	200,000	20.00%
Cristian Fresolone	100,000	10.00%
Lorenzo Casadei	75,000	7.50%
Alfredo Sisinni	12,500	1.25%
Total	1,000,000	100.00%

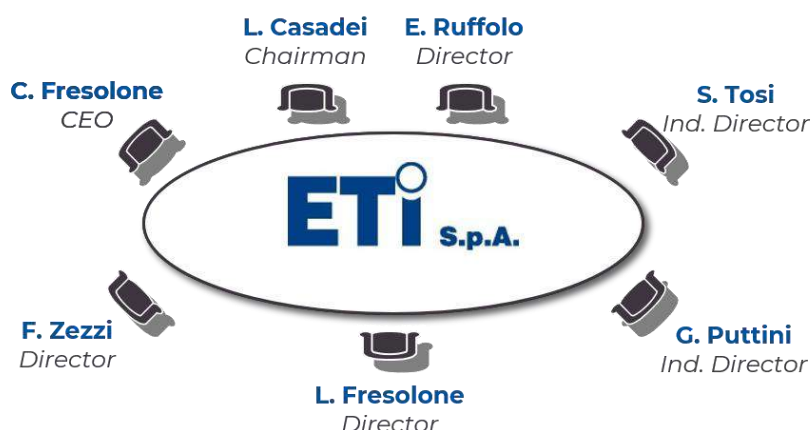
Source: ETI

A line-by-line breakdown of ETI's post-IPO shareholder base is as follows:

- **Immobiliare FB S.r.l. – 25.9%:** the real-estate holding vehicle attributable to the Fresolone family, specifically Lisa Fresolone, second-generation member and daughter of the founder, and Maria Grazia Bruschi, the founder's spouse;
- **Italia Salinaro – 13.8%:** the stake attributable to the Zezzi-Salinaro founding family. Italia Salinaro is the mother of Francesca Zezzi, an ETI Board member with responsibility for Human Resources;
- **Seraco S.r.l. – 12.9%:** ETI's reference financial investor and stable capital partner alongside the founding families and management;
- **Management shareholding – 12.1% in aggregate:** held by ETI's key executives, with Cristian Fresolone, CEO and Vice Chairman, owning approximately 6.5%; Lorenzo Casadei, Chairman and Head of Commercial, approximately 4.9%; and Alfredo Sisinni, Technical Director, approximately 0.8%;
- **Invitalia – 11.8%:** anchor investor in the IPO, having subscribed approximately €1.0mn, equal to one-third of the overall capital increase;
- **Other market investors – 23.5%:** shares placed with other investors as part of the IPO offering.

Overall, pre-IPO shareholders continue to control 64.7% of ETI's share capital, ensuring ownership continuity and alignment with the Company's long-term development. At the same time, the 35.3% free float introduces a broader institutional and market investor base and supports ETI's transition towards a more structured public-company governance framework.

ETI Board of Directors



Source: ETI

Well-structured management team with a strong track record in the sector

ETI's leadership is distinctly **operations-led**, with a track record built across the full execution chain, i.e. **tendering, procurement, site delivery and cash discipline**. The operating model is therefore centered on tight control of project economics (hours, subcontracting mix, materials/rentals) and the ability to deliver under high technical and compliance requirements typical of top-tier infrastructure principals.

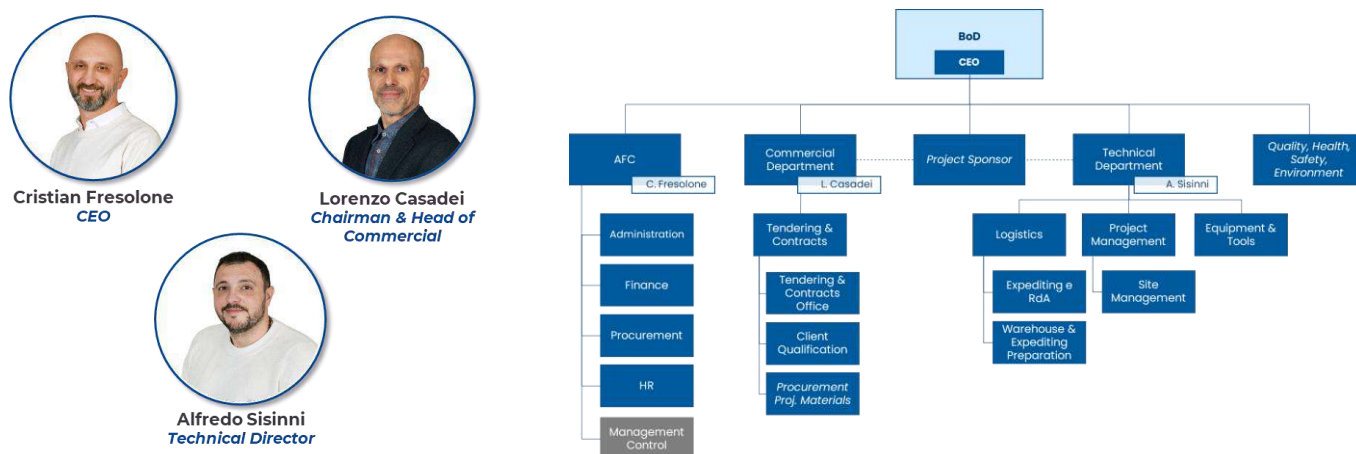
Each member brings a distinct and complementary contribution:

- **Lorenzo Casadei (Chairman, Head of Commercial)** leads origination and tendering. His background spans logistics/equipment management and bid preparation, with a hands-on approach to bid selection, cost estimating / target profitability and commercial development;
- **Cristian Fresolone (CEO & Vice Chairman)** combines executive leadership with oversight of the financial and organizational perimeter, with a strong focus on procurement, working capital and liquidity management—ensuring ETI can fund mobilization and bonding as contract size scales. He also oversees HR, critical given the centrality of labour;
- **Alfredo Sisinni (Technical Director)** anchors execution quality and delivery governance. With an engineering background and progressive site/project leadership experience, he oversees technical coordination, quality controls and project performance, particularly on high-criticality works where compliance and integrity are key margin protectors. He works closely with HR on manpower.

As for headcount, the number has scaled materially to support higher volumes, moving from 30 employees in 2021A to 138 in 2024A reaching **168 employees as of early 2026**.

The workforce is structurally execution-heavy, while back-office and **managerial layers remain lean** implying that operational scalability will increasingly depend on retention/training of certified trades, and labor-cost discipline.

Management Team and Organizational Structure



Source: ETI, Value Track analysis

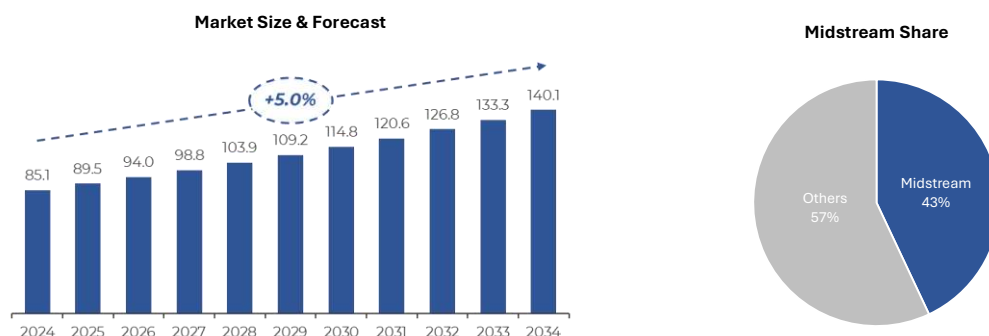
Market Opportunity

ETI is exposed to a striking market opportunity: Europe's ageing energy and utility infrastructure is entering a multi-year upgrade cycle. At EU level, this structural capex cycle is reinforced by a strong policy push to upgrade critical networks for security of supply and decarbonization-accelerating cross-border connectivity, resilience requirements and the roll-out of hydrogen-ready corridors under the Green Deal agenda. In Italy, Snam and Italgas have planned cumulative €27bn of investments through 2032 to enhance network safety and make the grid H2-ready. In parallel, the Italian water infrastructure market is expected to see ~€26bn of investments over 2024–2029.

Oil&Gas: Ageing Networks, Revamping Needs and Energy Independence

The European Oil&Gas infrastructure market was valued at approximately **\$85.1bn in 2024** and is expected to reach \$140.1bn by 2034, implying a **2024-2034 CAGR of +5.1%**. The demand driver is **replacement and modernization of ageing infrastructure**, alongside a gradual shift to **hydrogen-compatibility**. Within the market, the midstream segment (transportation and storage / ETI's reference market) represents the dominant component, accounting for ~43% of total market value in 2024, i.e. **~\$36bn market**.

European Oil&Gas Infrastructure Market



Source: Towards Chemicals and Materials, Value Track analysis

Structural Policy Support

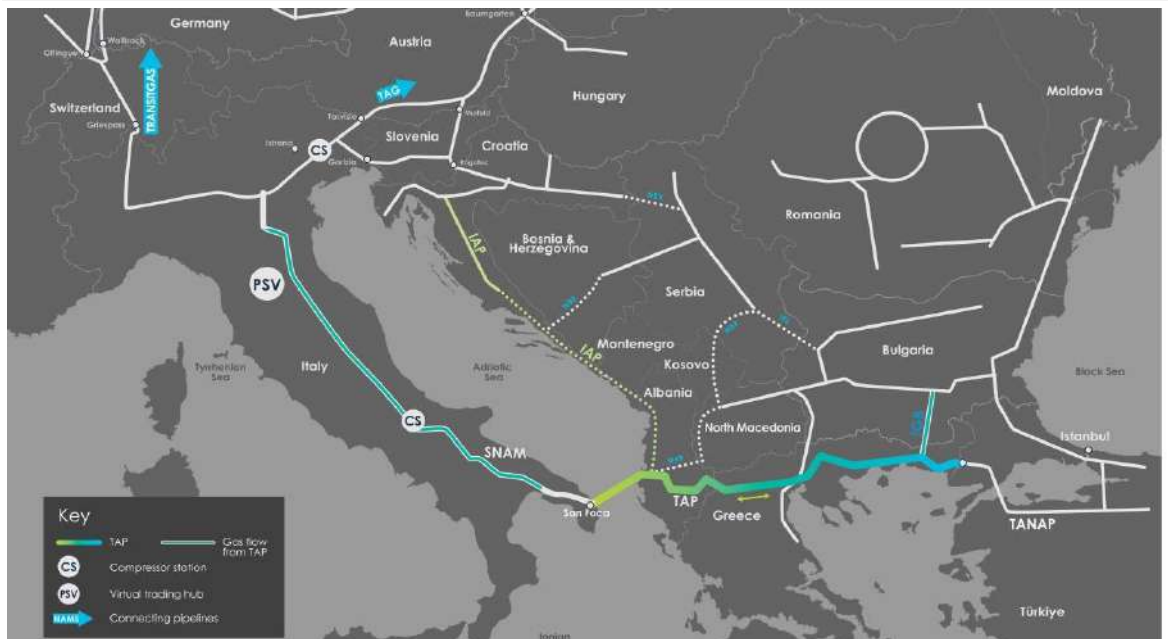
Following the outbreak of the Russia–Ukraine conflict in 2022, the European Union launched the **REPowerEU plan**, aimed at eliminating dependence on Russian gas by 2027.

The plan mobilizes approximately **€300bn of investments** and is built around two key pillars:

#1 Diversification of energy sources and supply routes: REPowerEU frames diversification as a security-of-supply priority, with a clear implication for infrastructure: increase import flexibility (LNG + non-Russian pipelines), reinforce South-to-North transit, and remove bottlenecks in the internal grid.

- **Southern Gas Corridor as the anchor route.** The Corridor connects Caspian gas to EU via the **SCP–TANAP–TAP chain**, with Italy as the key landing point through TAP's connection into Snam's network;
- **Why Italy becomes “system-critical”.** The Commission explicitly notes that **full-scale TAP expansion** could bring additional supplies, but it would require **accelerated reinforcement of the Italian transmission grid** (including projects such as the **Adriatica Line** and **Matagiola–Massafra**, referenced as PCI projects) to enable higher flows from South to North;
- **Capex translates into concrete work packages.** In practical terms, this “south-to-north” agenda typically translates into: (i) looping / line replacement & uprating on trunk pipelines, (ii) compression upgrades (including efficiency / emissions-related retrofits), (iii) metering/regulation station enhancements, and (iv) cross-border interconnection works, which are part of standard midstream infrastructure execution.

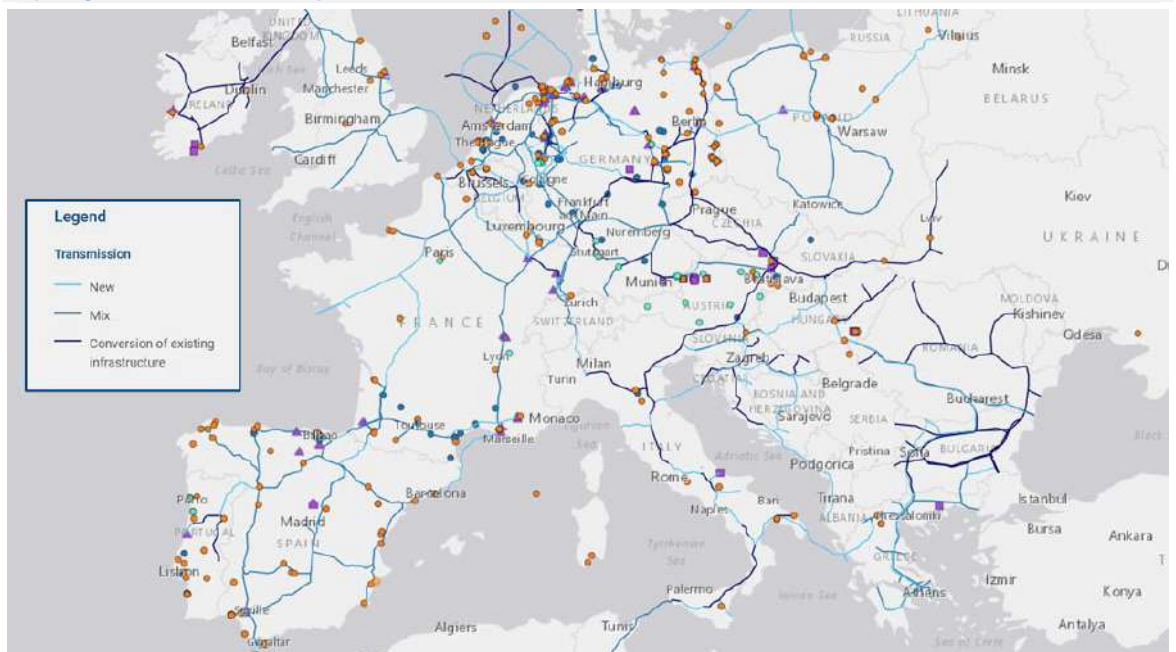
Southern Gas Corridor / TAP Map



Source: Trans Adriatic Pipeline

#2 Acceleration of investments in gas, LNG and renewable infrastructure: Under the *EU Green Deal* and *REPowerEU*, hydrogen is emerging as a core decarbonisation and energy-security vector, with infrastructure development increasingly organised around a **pan-European hydrogen transport backbone**. According to the association *European Hydrogen Backbone (EHB)*; i) transporting energy via hydrogen pipelines is **2–4x cheaper** than overhead power connections: ii) a single hydrogen pipeline can carry **up to 4x the energy of an electricity line**. Below is a snapshot of the **H2 Infrastructure Map Europe**, an interactive map that tracks hydrogen infrastructure projects and their development through **2050**. Projects are categorized by asset type, including **transmission pipelines** (blue lines), **distribution pipelines** (blue dots), **storage facilities** (purple shapes), as well as **demand** (bright teal shapes) and **production projects** (orange shapes).

Hydrogen Infrastructure Map



Source: The European Hydrogen Backbone (EHB) Initiative, Value Track analysis

According to **EHB estimates**, 69% of the European Hydrogen Backbone by 2040 is expected to be derived from the **repurposing of existing gas pipelines**, implying a predominantly brownfield-led development path. This should translate into a sustained investment cycle focused on **conversion, upgrading and revamping** of gas infrastructure to enable hydrogen transport. For **ETI**, the implication is a structurally supportive demand backdrop for specialized midstream scopes (e.g., pipeline works, tie-ins, welding/NDT, civil works, testing & commissioning) as hydrogen-readiness capex increasingly flows through the existing gas transmission network. Snam plans to invest **€380m** in the Italian leg of the **SouthH2 Corridor** (a **~2,300 km** hydrogen-dedicated pipeline), expected to start operations in the early 2030s. The corridor is developed with TAG/GCA (Austria) and Bayernets (Germany), with Africa connection via SeaCorridor, and is **designed to be cost-efficient thanks to ~60% repurposing** of existing infrastructure.

SouthH2 Corridor: Italian Backbone



Source: The European Hydrogen Backbone (EHB) Initiative, Value Track analysis

Italy - Aging Assets and Revamping Needs

The Italian Oil&Gas infrastructure network is currently at a **critical inflection point**. A significant portion of transmission and storage assets was built between the **1970s and 1990s** and now requires **extensive upgrading, revamping and capacity enhancement** to ensure safety, reliability and regulatory compliance.

- **Snam**, Italy's leading gas transmission and storage infrastructure operator, has unveiled a **€13.7bn net investment plan through 2030** (€14.4bn gross of grants), aimed at strengthening energy security, upgrading core gas assets and scaling new energy solutions. Some **€9.2bn (~67% of net capex)** is **allocated to Transport**, covering the Adriatic Line, the Sardinia network, new connections and compressor upgrades. Crucially for ETI, the Plan includes **~976 km of pipeline replacement** and ~€3.0bn for pipeline and well replacements, alongside four dual-fuel transport compression stations. A further €2.1bn is earmarked for storage upgrades, €1.0bn for LNG, €0.8bn for the Ravenna CCS project, and ~€0.6bn for market solutions and hydrogen.

Breakdown of €13.7bn Net Investments Planned by Snam Through 2026-30E

Segment	Capex (€bn)	As a % of Total	Investment Focus
Transport	9.2	67.2%	Adriatic Line; Sardinia network; pipeline/compressor upgrades.
Storage	2.1	15.3%	Storage-site upgrades; two dual-fuel compression stations.
LNG	1.0	7.3%	Panigaglia expansion; OLT consolidation.
CCS	0.8	5.8%	Ravenna CO ₂ transport and storage infrastructure.
Others	0.6	4.3%	Hydrogen, biomethane and energy-efficiency investments.
Total	13.7	100.0%	

Source: Snam 2026-2030 Strategic Plan

- **Italgas**, Europe's largest gas distribution operator, has unveiled a **€13.0bn investment plan through 2032**, up 14.6% versus the previous plan on a like-for-like basis. Gas distribution remains at the core, with **€8.3bn (~64%) earmarked for Italian networks** and €2.4bn for future ATEM tenders. Including tenders, Italian gas distribution accounts for over 82% of overall capex. The programme targets safer, smarter and more flexible grids, able to accommodate biomethane, hydrogen blends and synthetic methane, and includes the roll-out of H2-ready Nimbus smart meters. A further €1.0bn is allocated to Greece, €0.8bn to water and energy efficiency, and €0.5bn to gas distribution M&A.

Breakdown of €13.0bn Investments Planned by Italgas Through 2026-32E

Segment	Capex (€bn)	% of Total	Investment Focus
Italian Gas Distribution	8.3	63.8%	Network development, digitization, repurposing and upgrades.
ATEM Tenders	2.4	18.5%	Tender participation and development of acquired concessions.
Greece Gas Distribution	1.0	7.7%	Network expansion and digitization through Enaon.
Water & Energy Efficiency	0.8	6.2%	Water-network modernization and energy-efficiency solutions.
M&A	0.5	3.8%	Potential gas-distribution consolidation opportunities.
Total	13.0	100.0%	

Source: Italgas 2026-2032 Strategic Plan

Water Infrastructure

Italy's water infrastructure is entering a **multi-year capex upcycle**, driven by network obsolescence, leakage reduction priorities and rising climate-resilience requirements.

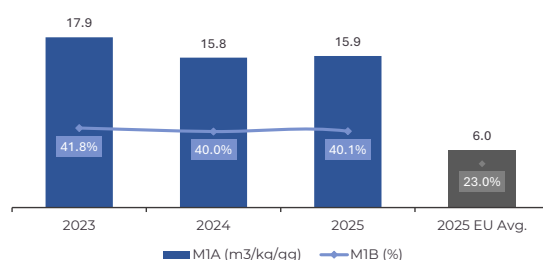
According to AGICl, ~€14bn was invested in 2018–23, with a further **~€26bn planned over 2024–29**, to upgrade and expand national water networks. A meaningful portion of the funding is policy-backed. The **PNRR** earmarks €15.1bn for the consolidation and renewal of Italy's water network, while the **PNISSI** (approved in 2024) provides ~€12bn to finance 418 interventions, including ~€4bn dedicated to aqueduct-related projects.

The investment agenda is primarily geared towards:

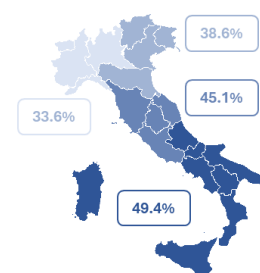
- reducing water losses, estimated at **~40%** of distributed volumes in the last 3 years, versus a European average of roughly half. This gap reflects a combination of limited network digitalization (e.g., smart metering/monitoring), high fragmentation in service provision (ISTAT **reports 1,800 water operators in 2025**), and geographic dispersion that increases network complexity;
- renewing aged infrastructure, with **~60%** of the distribution network older than **30 years** and **>25%** older than **50 years**. Execution priorities include the rollout of **~25,000 km of new drinking-water distribution networks**, with an explicit focus on **Southern Italy**, alongside broader works aimed at supply security and structural resilience.

Losses in Water Distribution: Historical Trends and Comparisons

Water Leakage in Linear (M1A) and Percentage (M1B) Metrics



Percentage Losses by Region (2023)



Source: ARERA Annual Reports (2023-2024-2025), Value Track analysis

We deem ETI has already oriented its operating profile to intercept this multi-year investment stream:

- **SOA qualification:** with OG6 – Class VI, ETI can participate in tenders for aqueduct construction and irrigation works up to €12.4mn per contract;
- **Track record:** ETI is included in the vendor lists of primary operators such as **Acquedotto Pugliese** (the largest in Europe) and **ACEA**. Ongoing ETI projects include water-network interference works related to the Messina–Catania rail doubling (~€4.5mn), works on the Peschiera system in Rome, and the Locone Aqueduct.

Competitive Scenario: A fragmented execution market with a long tail of SMEs

The Italian market for **pipeline construction and related plant works** (gas transmission & distribution, water networks, tie-ins, stations and ancillary civil works) remains **highly fragmented**, characterized by:

- a limited number of scaled national contractors and;
- a long tail of **regional SMEs** competing primarily on **SOA qualifications** and vendor-list admission. Fragmentation is reinforced by the project structure (multi-lot tenders, geographically dispersed scopes, frequent emergency/maintenance call-offs) and by the fact that many operators are effectively “execution platforms” built around site management + specialized welding/NDT subcontracting ecosystems, rather than fully integrated EPCs.

Against this backdrop of a fragmented, price-taking market, performance is largely company-specific, and results mainly depend on what a contractor executes and how it delivers it.

Profitability is mainly driven by:

- **Revenue mix:** maintenance activities tend to be structurally more profitable (e.g., Midal, Pype Lyne), while construction dilutes EBITDA/EBIT and increases volatility (more typical of Tre Colli and ETI);
- **Operating model and asset base:** higher self-performance and vertical integration—supported by owned fleet/yards and, where applicable, in-house materials—reduce subcontracting leakage and lower the cost base. (Cazzaro S.p.A. is an outlier thanks to its owned quarry and in-house aggregates);
- **Execution and financial capacity:** site discipline and claims management, plus working-capital and bonding headroom, directly shape risk and margin volatility.

This sets up a wide dispersion in profitability even among peers of similar size, with the “winners” typically defined by mix, assets and execution discipline, rather than scale alone.

ETI: Competitive Positioning: Across National players

Company	Description	Country	VoP 24A (€/000)	EBITDA24 (€/000)	EBITDA margin	Net Profit	NDP 24	NDP/ EBITDA	ROA 24
Impresa Tre Colli S.p.A.	Construction & maintenance of pipelines and plants	Fidenza (PR)	110.314	5.318	4,8%	2.015	8.045	1,5x	9,2%
Midal S.r.l.	Construction of pipelines and plants	Vasto (CH)	42.181	3.447	8,2%	1.237	(2.077)	–	4,6%
Cazzaro S.p.A.	Construction of pipelines and plants	Zero Branco (TV)	16.585	3.702	22,3%	1.528	(3.389)	–	6,9%
Pype Lyne S.p.A.	Engineering & construction for civil & industrial works	Pisticci (MT)	10.332	1.233	11,9%	101	866	0,7x	0,6%
Sabia & C	Construction of pipelines and plants	San Nicola (PZ)	6.397	637	10,0%	7	2.005	3,1x	0,1% ^x
ETI S.p.A.	Construction & maintenance of pipelines and plants	San Donaci (BR)	14.849	967	6,5%	103	3.633	3,8x	2,75%

Source: Value Track analysis

ETI Features to Ride the Trend

ETI boasts a credible contractor profile supported by five strengths: (1) reliable execution capability focused on high-complexity works (2) Full Set of Certifications/Qualification enabling access to larger public tenders (3) “high-spec” workforce base that supports self-performance on execution-critical scopes, (4) reputation-driven vendor list positioning with blue-chip principals (5) proven cross-border execution model. These features create entry barriers and support solid workload visibility.

#1 - Reliable Partner Focused on High-Complexity Works

ETI has a **clear technical focus on high-quality welding** and field installation, with an operating model built around “build–protect–test” activities where quality, safety and schedule discipline are non-negotiable. Thanks to its accumulated technical know-how and qualified workforce, ETI specializes in the installation and welding of pressurized piping—above- and below-ground—even in high-difficulty environments (critical sections, tight work corridors, steep gradients, tie-ins/interconnections and offshore/marine works).

- **Plants:** prefabrication and assembly of plant piping and special pieces, underpinned by high-spec TIG/electrode welding (incl. full-position capability) and integrated corrosion protection solutions (passive joint coatings and cathodic/electrical protection);
- **Lines:** laying and welding of transmission and distribution pipelines (gas/oil/water), covering the full scope from bending and manual/automatic welding to surface preparation, coating/protection and hydrostatic testing, including gas network extensions and district heating piping.

Project Examples

Plants



Source: ETI

Lines



#2 - SOA Qualification Allowing Access to Larger Public Tenders

In Italy, SOA qualification remains a core prerequisite to bid for **public works above the statutory threshold** and, more importantly, it acts as a **hard filter** that determines (i) which categories an operator can access and (ii) the **maximum contract size** it can be awarded. As a result, SOA is not a “nice-to-have” label: it is a **market access instrument** that materially shapes the competitive set in infrastructure tenders. Note that ETI’s core SOA Qualification is **OG6 (class VI)** covering the construction and maintenance of gas pipelines and oil pipelines and enabling to compete in **public infrastructure lots of up to €12.4mn**, reflecting the €10.3mn regulatory limit plus the permitted 20% uplift. Also note that ETI is adopting a 231 Model, with the related control framework expected to be implemented within the next 90 days.

SOA Qualifications (Public Works Categories & Limits)

N.	Qualification	Scope	Limit (excl. 20% uplift)
1	OG6 – Class VI	Pipelines infrastructure	Up to €10.3mn
2	OG1 – Class I	Buildings works	Up to €258k
3	OG3 – Class I	Transport infrastructure	Up to €258k
4	OS7 – Class II	Finishing works	Up to €516k

Source: ETI

ISO & EN Certifications (Quality, Environment, Safety & Welding/Steel Compliance)

N.	Certification	Issuer	Purpose
1	ISO 9001:2015	EU Certification Institute	Quality Management
2	ISO 14001:2015	EU Certification Institute	Environmental Management
3	ISO 45001:2018	EU Certification Institute	Occupational Safety
4	ISO 3834-2:2021	TUV Sud	Welding Quality
5	EN 1090:1-2009+A1:2011	DEKRA Testing & Certification	Structural Steelwork

Source: ETI

ESG Certifications and Ratings

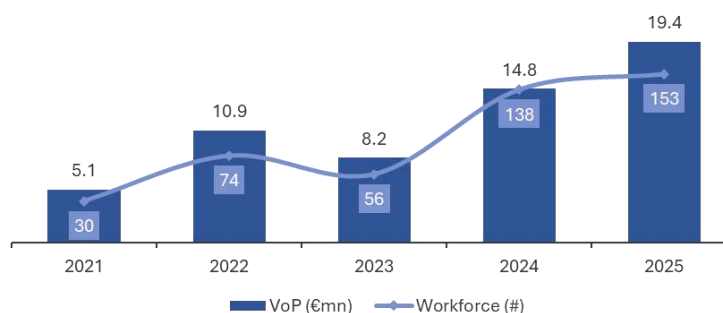
N.	Certification	Issuer	Purpose
1	SA8000:2014	SAAS Certification Body	Social Responsibility
2	Synesgy ESG Rating	CRIF / Synesgy	ESG Assessment

Source: ETI

#3 - Workforce Quality as Key Differentiator

Human capital represents the Company’s primary execution asset: as such, ETI has already built a **sizeable in-house base of skilled workforce**, allowing it to self-perform the most sensitive phases of pipeline and plant projects under tight quality and compliance requirements. At the same time, headcount has scaled rapidly to match higher volumes, moving from 30 employees in 2021 to 168 as of early 2026.

Workforce Evolution vs. VoP



Source: Value Track analysis

The organization is structurally execution-heavy: 73% of employees are deployed in operational roles, while the remaining 27% are engaged in corporate, technical and coordination functions, reflecting a lean overhead structure.

Importantly, ETI's workforce model is positioned at the **“high-spec” end of the labor spectrum**: certified trades, repeatable procedures and the ability to operate under stringent quality and traceability requirements. This contrasts with more commoditized models that rely on low-cost, interchangeable labor and extensive subcontracting, often suitable for low-complexity, price-driven scopes, but less compatible with projects where customers require higher assurance on workmanship, safety, documentation and eligibility constraints.

In this regard, we deem the following workforce insights have to be highlighted.

- **68% of field personnel are certified roles** (welders, pipefitters, coating specialists and machine operators), confirming a skills-intensive rather than commoditized labor model;
- **74% of the workforce is structural** (permanent or multi-renewal), while the remaining portion remains flexible to accommodate project-driven scalability and non-core roles;
- **72% of central and technical/managerial roles are Italian**, anchoring governance and engineering control domestically, while operational layers are more skewed toward international profiles
- **Limited exposure to generic labor**, reinforcing the technical depth of the operating platform.

Core vs Flexible Workforce Breakdown by Role

Role	Total	Permanent (a)	Semiperm. (b)	Core (a+b)	Core %	Flexible	Flexible %
Executives	3	2	1	3	100%	0	0%
Employees	43	33	5	38	88%	5	12%
Welders	34	6	17	23	68%	11	32%
Pipefitters	21	4	12	16	76%	5	24%
General Workers	39	4	18	22	56%	17	44%
Machine Operators	18	3	10	13	72%	5	28%
Coating Specialists	10	3	7	10	100%	0	0%
Total	168	55	70	125	74%	43	26%

Source: ETI, Value Track analysis

Nationality Mix by Workforce Layer

Category	Total	Italy	Abroad	Italy (%)	Abroad (%)
Executives	3	3	0	100%	0%
Employees	43	30	13	70%	30%
Welders	34	12	22	35%	65%
Pipefitters	21	6	15	29%	71%
General Workers	39	12	27	31%	69%
Machine Operators	18	7	11	39%	61%
Coating Specialists	10	7	3	70%	30%
Total	168	77	91	46%	54%

Source: ETI, Value Track analysis

#4 - Reputational Excellence

Over a 25+ year track record, ETI has built a reputation as a reliable technical partner for complex infrastructure scopes, translating into access to the **vendor lists of leading national and international principals**. Vendor list admission is not automatic: it is typically the outcome of a structured qualification process combining documentary checks (certifications, financial statements and technical dossiers) with on-site audits at projects and corporate premises.

Once qualified, ETI benefits from a structurally advantaged commercial channel—receiving tender invitations and restricted bids—supporting repeatability and higher visibility versus purely “open market” bidding dynamics. This positioning is reinforced by a blue-chip client set across strategic verticals, spanning energy and gas infrastructure (e.g., Snam, Italgas, TAG), water (Acquedotto Pugliese), industrial/naval (e.g., Fincantieri, Baker Hughes) and collaborations with large contractors (e.g., Webuild via consortia/RTI, Sicim, Bonatti).

Overall, high qualification thresholds, execution standards and formal credentials (including SOA at meaningful class) create an entry barrier that is difficult to replicate quickly, anchoring ETI’s role in higher-profile projects where reliability and compliance matter as much as price.

Project Track Record

Oil & Gas	Water	Naval
- High-pressure gas pipelines and oil pipelines - Gas compression and treatment facilities - Low-pressure gas distribution networks - Underground and above-ground pipelines - Network inspection and testing	- Water pipelines in PVC, PEHD and steel - Maintenance of sewage and wastewater networks - Special welding for plastics and composite materials - Ancillary civil works (excavation, earthworks, manholes, connections)	- Site logistics (domestic and international): set-up and mobilisation - Certified welding (ISO 3834-2) on steel, stainless steel and special alloys - Passive and active protection of plants: painting, coating, cathodic protection
 Plaquemines 2 – Megamodule (Baker Hughes - Louisiana, US - 2024)	 Southern Italy Water Pipeline (Acquedotto Pugliese - Bari - 2024)	 Cruise Ship Piping System (Fincantieri - Monfalcone - 2024)

Source: ETI

Client Portfolio



Source: ETI

#5 - Proven Cross-Border Execution Model

ETI's international footprint is a tangible execution differentiator in a market increasingly shaped by pan-European infrastructure programs.

The company already **generates >40% of revenues abroad** and has delivered projects across **Germany, Austria, Poland, France, Switzerland, Czech Republic and Albania**, more recently supporting export-linked industrial works connected to the US value chain (e.g., LNG mega modules for Louisiana).

International activity has been built through relationships with top-tier operators such as TAG GmbH (Austria) and PPS Pipeline Systems (Germany), and executed through a flexible model combining direct contracts and subcontracting, supported by temporary branches or ad-hoc project vehicles to manage logistics, compliance and workforce mobilization.

This matters for three concrete reasons:

- **Qualification gate:** access to foreign principals typically requires rigorous pre-qualification, strong HSE/quality systems and proven references, which naturally narrows the competitive set;
- **Execution transferability:** operating cross-border demonstrates the ability to mobilize certified labor and equipment quickly, manage multi-jurisdiction compliance and run complex site logistics capabilities that allow ETI to follow capex as investment shifts across geographies (revamping, new corridors and hydrogen-compatibility upgrades);
- **Diversification:** a proven footprint outside Italy reduces reliance on a single domestic tender cycle and improves exposure to multi-year pan-European investment drivers, with successful delivery abroad also strengthening credibility in subsequent tenders.

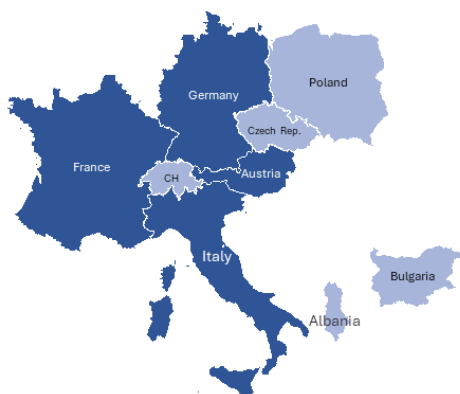
Below we map ETI's geographic footprint:

- **Active markets (blue):** Italy, Austria, France and Germany, where ETI is currently executing projects;
- **Track record markets (light blue):** Switzerland, Poland, Bulgaria, the Czech Republic and Albania, reflecting prior cross-border execution experience;
- **Target markets (green):** Beyond Europe, ETI is assessing selective expansion in high-investment extra-European markets, with Sub-Saharan Africa offering material upside. Priority countries include **Angola, Côte d'Ivoire, Namibia, Nigeria and South Africa**, supported by large-scale capex programs across gas pipelines, offshore Oil&Gas, refining, industrial piping and hydrogen.

Key reference projects include Nigeria's 614km AKK gas pipeline and 650k bpd Dangote refinery, Côte d'Ivoire's Baleine/Calao offshore developments targeting up to 150k bpd of oil and 200 mmcf/d of gas, Namibia's ~US\$10bn Hyphen green hydrogen project, and South Africa's hydrogen/transport infrastructure upgrade programs.

Geographic Footprint: Active Markets and Future Opportunities

Active Markets and Track Record



Future Expansion Opportunities in Sub-Saharan Africa



Source: ETI, Value Track analysis

Growth Requires Cash

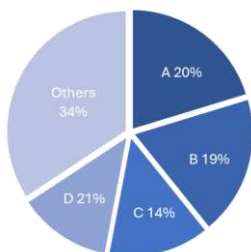
ETI operates in a segment where the ability to scale is structurally constrained by balance-sheet capacity. In pipeline and critical infrastructure contracting, growth is typically front-loaded in cash (mobilization, labor, rentals/materials, guarantees) while revenues are collected over time through WIP/milestones. **IPO was thus primarily framed as a balance-sheet booster** to: (i) compete for larger tickets, (ii) smooth execution volatility, (iii) improve margins through a more efficient delivery mix.

#1 - Customer Concentration: Large Principals, Small Contractors

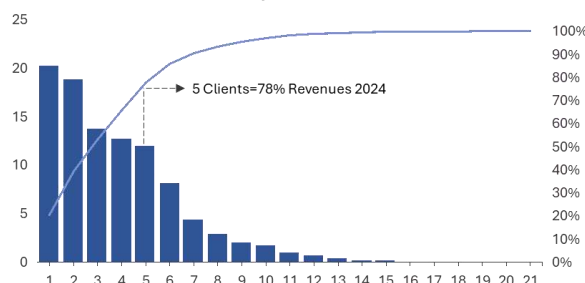
The market is inherently concentrated around a limited number of top-tier clients (TSOs, utilities and large contractors). Access is filtered by qualification and vendor list admission, and contract awards tend to be repeat-driven once trust is established. This structure creates a scale asymmetry: principals benefit from negotiating power and standard contractual protections, while **contractors must demonstrate financial reliability** (bonding capacity, ability to pre-finance works) to remain “eligible” for higher-profile scopes.

Customer Concentration Indicators (2024)

Revenues By Customer



ABC Analysis on Customers



Source: ETI, Value Track analysis

#2 - Net Working Capital Intensity and Order-Cycle Mechanics

ETI's cash profile is structurally front-loaded: each new order requires immediate mobilization spending (labor, equipment, logistics and early procurement), while **cash inflows are unlocked only once progress is formally certified**. Clients typically provide a limited upfront down payment (5-10% of contract value), with the balance collected through WIP/milestone billing based on completion percentages, most commonly on a monthly cadence. The cash conversion cycle is elongated by: i) a validation window of ~30-40 days before invoicing and (ii) payment terms that can extend to 60-120 days thereafter. The net effect is a NWC and Trade Receivables typically running at ~25% and ~35-45% of VoP, respectively.

Net Working Capital Structure: FY24-FY25

(OIC, €mn)	FY23	FY24	FY25
Inventory	1.3	2.0	1.1
DIO (days)	56	50	20
Trade Receivables	3.3	4.9	8.4
DSO (days)	148	120	158
Other Receivables	0.3	0.0	0.2
Trade Payables	1.7	1.6	3.2
DPO (days)	150	77	103
Other Payables	0.9	1.2	1.4
Net Working Capital	2.2	4.2	5.1

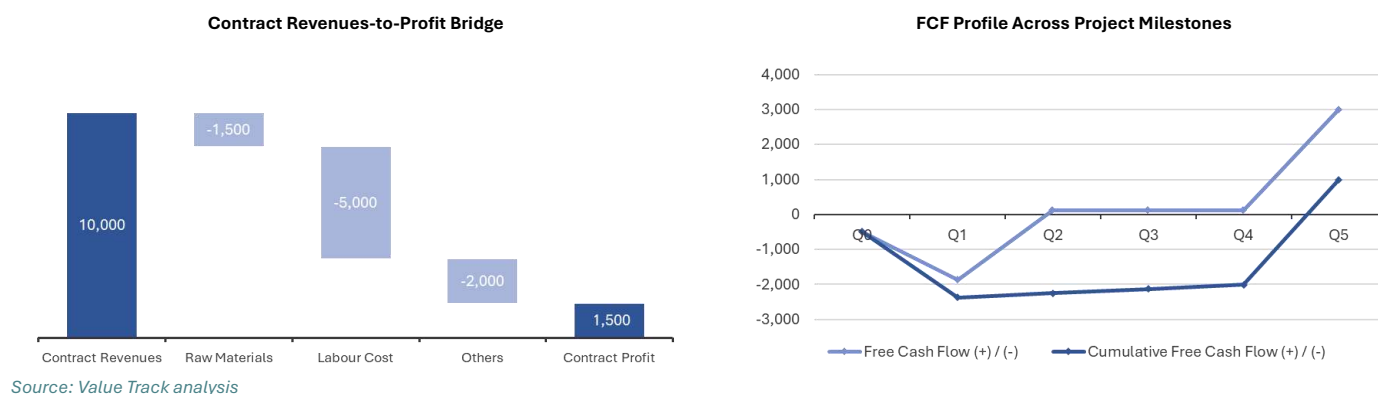
Source: ETI, Value Track analysis

As a consequence, cumulative free cash flow tends to turn positive only at the end of the project, once progress payments catch up and retentions are released.

Just to provide a simplified illustration (using a €10m order purely for ease of reading, i.e., above ETI's typical single-ticket size), assuming the contract is evenly executed over ~four quarters and delivers a 15% contract margin, the cash impact would broadly be as follows:

- Q0 and Q1 would be cash-burning periods, as inventory build-up and receivables more than offset the initial down payment;
- Q2–Q4 would turn progressively cash-generative, but cumulative free cash flow would typically turn positive only in Q5, once the final invoice is collected.

Free Cash Flow Simulation for WIP Accounting



#3 - Guarantees and Bonding: Structural Entry Barrier, Structural Cash Sink

Standard contracting structures require a package of guarantees (advance payment bonds, performance bonds and retention mechanisms).

While these safeguards are normalized in the sector and often act as an entry barrier, they also consume bonding lines and liquidity—particularly in the early phases of a project when mobilization costs (labor, equipment rentals, logistics and early procurement) precede collections and a portion of earned value remains withheld until completion.

A stronger balance sheet would expand bonding capacity, easing upfront working capital, and supporting cheaper execution.

- **Contractual Guarantees:** any upfront downpayment granted by the client is typically conditional on ETI issuing an advance payment guarantee shortly after contract signing, securing the reimbursement of the advance if the works are not performed as agreed. As a result, while the downpayment provides early-stage liquidity, it requires a guarantee that absorbs bonding capacity and carries an explicit premium cost;
- **Performance bond:** principals typically require an additional guarantee securing the full and proper performance of the works, usually in the 5–10% range of contract value. This is another structural absorber of bonding headroom (issued via insurance or bank), effectively tying up guarantee capacity over the project lifecycle;
- **Retention on progress payments (10% held back):** Even where the project is billed through monthly WIP, principals typically withhold ~10% of each payment and release it only at final acceptance. This structurally delays cash collection and increases working capital absorption over the project lifecycle.

#4 - Margin Expansion Achievable through Asset Ownership & In-House Work

In ETI's model, project operating profitability is largely a function of the internal vs. external delivery mix. The exceptional volume ramp in 2024 forced a more "outsourced" set-up (higher subcontracting and heavier reliance on third-party services) to secure capacity and protect timelines, with service cost inflation compressing **EBITDA margin to 6.5% in 2024**. Going forward, management intends to use incremental capital to rebalance the delivery model and drive margin normalization through two clear levers:

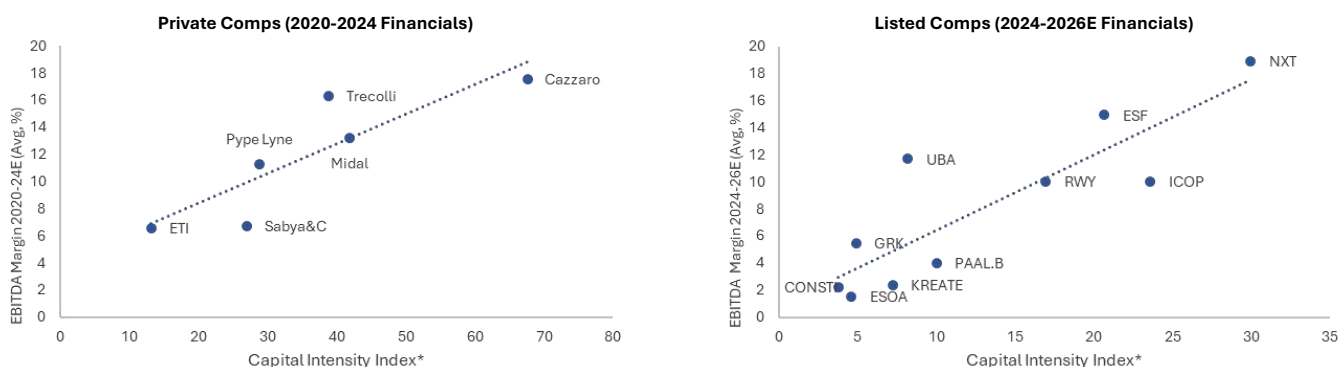
- **#1 Increasing the share of self-performed work**, reducing capacity-driven subcontracting leakage on execution-sensitive scopes;
- **#2 Expanding the owned equipment base** (excavators, pay welders, trucks) to reduce rental intensity, improve site efficiency and retain a larger share of value in-house.

#1 Cost Incidence on Total OPEX (%)

(OIC, €mn)	FY23	FY24	FY25
Raw Materials	13.0%	12.1%	17.1%
Costs of Services	22.3%	24.7%	24.9%
Costs of Rent	11.9%	12.4%	13.5%
G&A	2.4%	1.0%	1.3%
Labor Costs	50.5%	49.9%	43.2%
Total	100.0%	100.0%	100%

Source: ETI, Value Track analysis

#2 Correlation Between Profitability and Capital Intensity



Source: For non-listed peers, the **Capital Intensity Index** is calculated as a 50/50 weighted average of Capex/Revenues and NFA/Revenues, indexed on a 1-100 scale. For listed peers, where forward NFA estimates were unavailable, TCE/Revenues was used as a proxy for the asset base.

#5 - Workforce Scaling: Growth Requires Capacity, which Requires Investment

ETI's business is structurally labor-intensive, with personnel representing the largest cost item and accounting for 40-50% of VoP. Growth is capacity-driven and constrained by the availability of certified, "high-spec" workers rather than generic labor. Scalability therefore goes hand in hand with accelerating training and certification, improving retention, and reinforcing the execution cockpit to keep the workforce productive as volumes rise. Management plans to add PMs and strengthen technical and administrative functions to run more sites in parallel, tighten job control and reduce operational risk.

Workforce KPIs

(OIC)	FY22	FY23	FY24	FY25
Labor Costs (€mn)	4.8	3.8	6.9	7.8
Personnel (Average)	74	56	138	132
Cost per Employee (€'000)	64.8	67.8	50.2	59.2
Labor Costs / VoP (%)	44.2%	46.5%	46.6%	40.2%

Source: ETI, Value Track analysis

Use of Proceeds

The €3.0mn of gross proceeds raised through the IPO are intended to fund ETI's transition to a more scalable and better-capitalized execution platform. Proceeds are expected to address the constraints previously mentioned: reliance on rented equipment, bonding / working-capital capacity, and procurement efficiency. IPO proceeds should allow ETI to pursue larger contracts, increase operating profitability and improve cash conversion over time.

Strategic Roadmap – Scaling A Specialist Contractor Platform

ETI aims to consolidate its positioning in complex infrastructure works and scale into larger, higher-profile contracts through a disciplined build-out of capacity and governance. Key priorities are:

- **Increase the core portfolio:** expand the order book while reinforcing the organizational structure to support higher execution capacity;
- **Upgrade the execution cockpit:** strengthen PM and tendering to manage higher volumes in parallel;
- **Broaden into energy-transition adjacencies:** leverage transferable capabilities into hydrogen-ready/reconversion scopes (DN400 reference in Austria);
- **Scale internationally, opportunistically:** expand across Europe and selected extra-European markets via partnerships and project-based branches;
- **Invest in assets and tools:** increase owned fleet and digital/reporting capabilities to lift productivity and standardize execution.

As additional optionality, ETI may assess selected naval defense opportunities over time, leveraging prior Fincantieri experience, although this remains an opportunistic adjacency rather than a core growth pillar.

IPO Proceeds Allocation Mirrors the Strategic Priorities

IPO proceeds are expected to be used to **strengthen the balance sheet** and reinforce ETI's operating platform, enabling disciplined scaling across capacity, efficiency and market access.

- **Fleet, machinery and equipment — 50% of total IPO proceeds :** investment in owned operating to reduce reliance on external rentals and internalize a larger portion of execution capacity. This includes machinery (excavators, pay welders) vehicles (4x4 trucks) and site equipment;
- **Bonding and working capital capacity — 35%:** balance-sheet strengthening to support access to larger tenders, absorb upfront working-capital needs and increase guarantee capacity. This should allow ETI to pursue larger projects that are currently constrained by bonding and liquidity requirements;
- **Procurement optimization — 15%:** use of cash to improve supplier terms and capture discounts on selected material purchases, with a direct impact on cost of goods sold and project margins.

Overall, the IPO proceeds are expected to support both growth and profitability: higher revenues through stronger bonding and working capital capacity, and higher margins through lower rental costs, procurement savings and operating leverage on incremental volumes. The expected impact of the €3.0mn gross proceeds raised is analysed in the Financial Forecasts section.

Financials

Over the last 5 years, ETI has increased revenues by ~3x, prioritizing scale, backlog expansion and access to larger clients over near-term margin optimization and cash conversion. This strategy relied on the balance sheet as the key growth enabler with short-term funding used to finance the increase in activity. Going forward, ETI is shifting from volume growth to profitability optimization. IPO proceeds are expected to support this transition by funding operating assets, reducing reliance on rented equipment and short-term debt, and improving ETI's ability to convert backlog into EBITDA and FCF.

Historical Financials Reflect a Growth-First Strategy: Three Key Takeaways

#1 - Top Line Doubled Since FY23 and Tripled Since FY20

Since 2023, ETI has doubled its Value of Production, reaching €19.4m in FY25 (~31% YoY, ~54% CAGR₂₃₋₂₅). Year-on-year, growth was mainly driven by Oil&Gas (+132% YoY), now representing ~66% of revenues. Water segment remained broadly stable (+3% YoY), while the Naval contribution was almost fully phased out after the completion of a specific FY24 project and is no longer a priority given its lower margin profile.

P&L FY23-FY25

(OIC, €mn)	2023	2024	2025	CAGR 23-25	2025/2024 YoY
Oil&Gas	2.5	5.6	13.4	132.0%	139.2%
Water	3.2	6.4	6.6	42.9%	3.0%
Naval	1.0	1.7	0.2	-59.2%	-90.1%
Revenues from Sales	6.8	13.7	20.2	72.8%	46.7%
Others (incl. WIP)	1.4	1.1	-0.7	nm	nm
Value of Production	8.2	14.8	19.4	54.2%	30.9%

Source: ETI, Value Track analysis

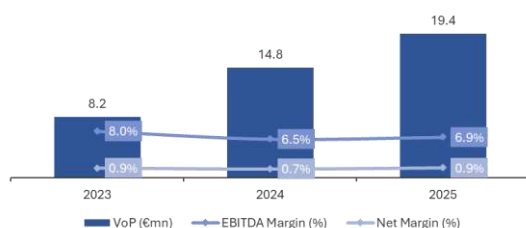
#2 - Earnings Up, Margins Modest Due to Growth-Related Outsourcing

FY25 showed early operating leverage, although the P&L reflects the cost of scaling a larger project base.

- **EBITDA** at €1.3m in FY25 (+ 38.4% YoY), with EBITDA margin improving to 6.9% (+37bps YoY) due to a use of internal resources and initial investments in owned machinery. Note that FY24 represented the peak year for outsourcing and external costs. Personnel is the largest cost item (40.2% of VoP), followed by services (23.2%), raw materials (15.9%) and third-party asset costs (12.6%);
- **EBIT** increased to €0.8m (+ 36.0% YoY), with EBIT margin broadly stable at 4.0% in FY25 despite higher D&A related to capex deployed on new vehicles, machinery and equipment;
- **Net income** at ~€174k in FY25 (+68.6% YoY), remaining limited in absolute terms. This also reflects higher net financial charges of ~€270k (+74.9% YoY), mainly due to incremental use of credit lines, and a high tax burden, largely driven by IRAP given the Company's sizeable personnel cost base.

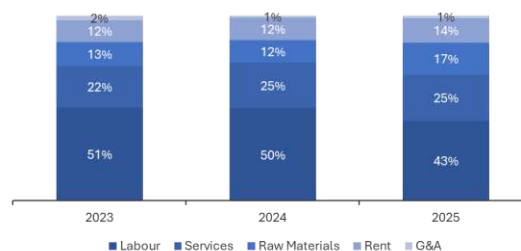
Operating Margins and Costs

VoP and Operating Margins



Source: ETI, Value Track Analysis

OpEx Structure



#3 – Debt Profile Reflects Growth-Driven NWC and Capex to Build Own Capacity

ETI used its balance sheet as a key growth enabler, funding higher working capital requirements while also starting to invest in owned operating assets needed to execute larger projects.

- **Net Working Capital** increased from €2.2mn in FY23 to €5.1mn in FY25, more than doubling in absolute terms reflecting the working capital needed to support a larger project base, as collections are linked to project progress and milestones. NWC intensity remained broadly stable at 26–28% of VoP, indicating a mainly volume-driven increase rather than lower working capital efficiency;
- **Net Fixed Assets** increased from €1.9mn in FY23 to €2.5mn in FY25, with FY25 capex reaching €1.0mn. Investments were mainly focused on vehicles, machinery and equipment, reflecting the Company's decision to progressively internalize operating capacity. This should reduce reliance on rented equipment over time and allow ETI to retain a higher share of project margins.

As a result, ETI's FY24-25 FCF profile was shaped by €2.8mn of cumulative NWC/Provision absorption, €1.5mn of cumulative capex and €1.1mn of cash taxes and net financial charges. This drove **Net Debt** from €2.3mn in FY23 to €5.3mn in FY25.

Net Working Capital Composition and Net Debt Bridge



Source: ETI, Value Track Analysis, (*) Reversed view: cash inflows and outflows are shown with inverted signs.

FY23–25 Key Financials: P&L and Balance Sheet

P&L FY23-FY25

(OIC, €mn)	FY23	FY24	FY25	CAGR ₂₃₋₂₅	YoY
Value of Production	8.2	14.8	19.4	54.2%	30.9%
Gross Profit	4.5	7.9	9.2	43.3%	16.0%
EBITDA	0.7	1.0	1.3	42.6%	38.4%
EBITDA Margin (%)	8.0%	6.5%	6.9%	-116bps	37bps
EBIT	0.3	0.6	0.8	57.7%	36.0%
EBIT Margin (%)	3.9%	3.9%	4.0%	18bps	15bps
Net Profit	0.1	0.1	0.2	56.4%	68.6%
Net Profit Margin (%)	0.9%	0.7%	0.9%	3bps	20bps

Source: ETI, Value Track analysis

Balance Sheet FY23-FY25

(OIC, €mn)	FY23	FY24	FY25	Abs ₂₃₋₂₅	YoY
Net Working Capital	2.2	4.2	5.1	2.9	22.9%
Net Fixed Assets	1.9	2.0	2.5	0.5	23.0%
Provisions	0.2	0.3	0.4	0.2	21.8%
Total Capital Employed	4.0	5.8	7.2	3.2	23.0%
Group Net Equity	1.7	1.8	1.9	0.2	6.9%
NFP [i.e. Net Debt (-) Cash (+)]	-2.3	-4.0	-5.3	-3.0	30.2%

Source: ETI, Value Track analysis

2026E-30E Financial Forecasts

Capital Increase to Accelerate Growth and Margin Expansion

As we said before, we expect IPO proceed to be deployed across three operating levers aimed at increasing execution capacity, unlocking larger tenders and improving project economics.

The main effects would be twofold:

- higher revenues, driven by additional bonding and working capital capacity,
- higher margins, driven by lower rental intensity, procurement savings and operating leverage.

Proceeds Impact on Estimated Financials

#	Use of Proceeds	Allocation	Main Impact	Expected Benefit
1	Bonding and WC	35%	Access to larger tenders	€2mn Sales in FY27E; €4mn from FY28E
2	Fleet and equipment	50%	Lower rental costs	€440k/yr. on Rent / 1.5pp Gross Margin
3	Procurement optimisation	15%	Supplier discounts	€150k/yr. on COGS / 0.5pp Gross Margin
4	Operating leverage	n.m.	Fixed cost dilution	€150k/yr. On OpEx / 0.5pp EBITDA Margin

Source: Value Track analysis

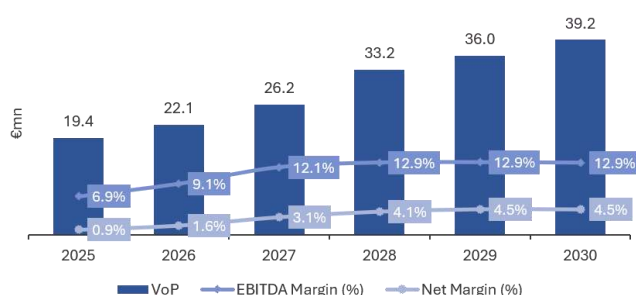
P&L Forecasts: Double-Digit Growth and Progressive Margin Expansion

For ETI we would forecast:

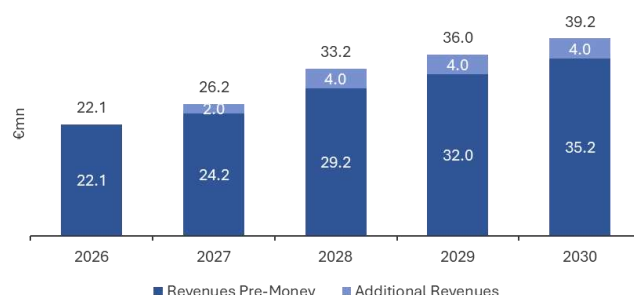
- **Revenues:** 15.1% 2025A–30E CAGR, with revenues reaching ~€40mn in 2030E, supported by the existing ~€34mn backlog to be executed through 2028E and additional tender capacity enabled by the capital increase;
- **EBITDA Margin:** ~9% in 2026E and gradually converging towards ~13% by 2030E, i.e. ~€5mn EBITDA (more than 3.5x 2025A figure). Margin expansion would be driven by lower rental intensity, procurement savings and operating leverage on incremental revenues;
- **Net Profit:** ~€1.8mn in 2030E, up from ~€0.2mn in 2025 while reflecting the amortization of the additional €1.5mn capex dedicated to fleet investments deployed between 2026E and 2027E.

Profit & Loss Metrics

VoP and Operating Margins



Incremental Revenues from Additional Tenders



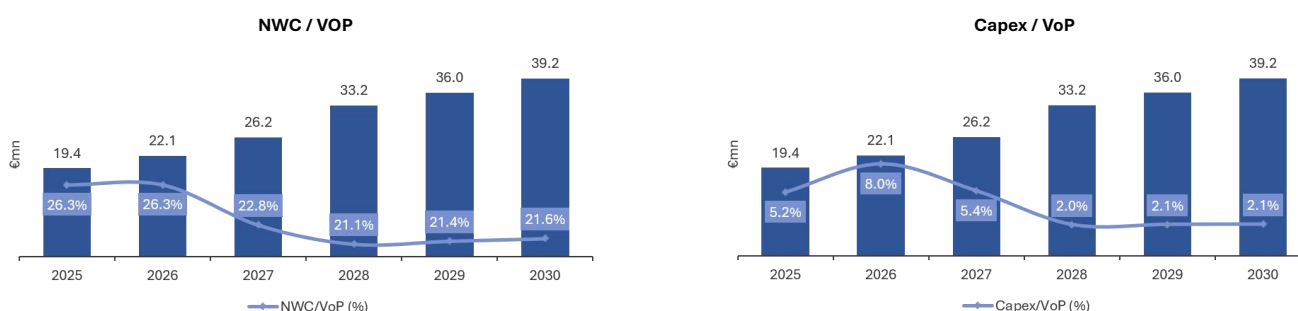
Source: ETI (historical financials), Value Track analysis (2026E-30E financial forecast)

Balance Sheet: A Stronger Capital Base Supporting Growth

The IPO has materially strengthened ETI's capital structure, providing the financial flexibility required to execute its backlog, participate in larger tenders and internalize part of its operating capacity. The proceeds should initially reduce leverage, although part of this benefit will be absorbed by investments and higher working-capital requirements associated with revenue growth. We nevertheless expect the balance sheet to remain healthy, with net debt progressively declining as FCF generation increase. We forecast:

- **Working capital** to gradually converge towards approximately 24% of Value of Production, reflecting improving discipline despite the structurally cash-absorptive nature of the business;
- **Fixed assets** to increase during the investment phase gradually declining as capex normalizes and D&A increases;
- **Net Debt**: ~€3.5mn in 2026E, reflecting approximately €2.2mn of net IPO proceeds. We assume €0.8mn of IPO-related items to be capitalized, and partially recovered through the IPO tax credit. Accordingly, the model includes a net capex impact of €0.4mn in FY26E and recognizes the remaining €0.4mn as a working-capital item, expected to unwind in FY27E;
- **NFP/EBITDA** to progressively fall below 1.0x, supported improving profitability / cash generation.

NWC and Capex on VoP

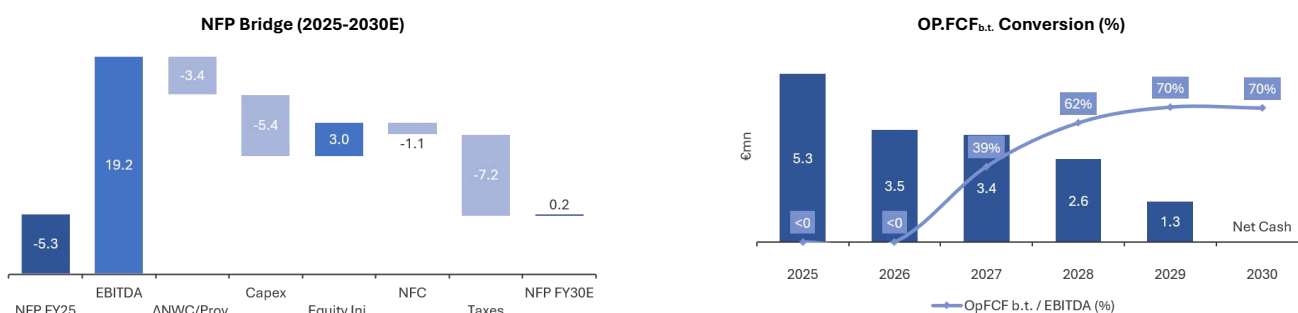


Source: ETI (historical financials), Value Track analysis (2026E-30E financial forecasts)

Cash Flow: Improving Conversion Following the IPO

FCF generation should remain initially constrained by ETI's structurally working-capital-intensive business model, characterized by upfront mobilization costs, SAL- and milestone-based collections, guarantees and retention mechanisms. Nevertheless, the IPO proceeds should improve the Group's ability to fund project mobilization and bonding requirements without placing excessive pressure on liquidity. The progressive increase in EBITDA, combined with improved working-capital discipline and lower rental costs, should support stronger cash conversion over the forecast period. Capex will be higher during the initial deployment phase, as ETI invests part of the IPO proceeds in owned machinery and equipment. Thereafter, capital intensity should normalize, allowing **Op.FCF conversion to approach ~70% by 2030E**.

Net Financial Position Bridge and Cash Conversion



Source: ETI (historical financials), Value Track analysis (2026E-30E financial forecasts)

P&L FY25A-FY30E

(OIC, €mn)	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	CAGR ₂₅₋₃₀
Value of Production	19.4	22.1	26.2	33.2	36.0	39.2	15.1%
Op.Costs (ex. Labour)	-10.3	-10.1	-11.5	-14.7	-16.0	-17.5	11.2%
Gross Profit	9.2	12.1	14.7	18.5	20.0	21.7	18.8%
Gross Margin (%)	47.1%	54.5%	56.1%	55.6%	55.5%	55.3%	827bps
Labour Costs	-7.8	-10.0	-11.5	-14.2	-15.3	-16.7	16.4%
EBITDA	1.3	2.0	3.2	4.3	4.7	5.0	30.4%
EBITDA Margin (%)	6.9%	9.1%	12.1%	12.9%	12.9%	12.9%	597bps
D&A, Provisions	-0.6	-0.8	-0.8	-1.0	-1.1	-1.2	16.9%
EBIT	0.8	1.2	2.3	3.3	3.6	3.8	37.3%
EBIT Margin (%)	4.0%	5.6%	8.9%	9.8%	10.0%	9.8%	573bps
Net Financial Charges	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-5.5%
Pre-Tax Profit	0.5	1.0	2.1	3.0	3.4	3.6	47.9%
Tax	-0.3	-0.7	-1.3	-1.7	-1.7	-1.8	40.4%
<i>Tax Rate (%)</i>	<i>66.1%</i>	<i>65.2%</i>	<i>60.9%</i>	<i>54.9%</i>	<i>51.6%</i>	<i>51.0%</i>	<i>-1510bps</i>
Net Profit	0.2	0.3	0.8	1.4	1.6	1.8	59.2%
Net Profit Margin (%)	0.9%	1.6%	3.1%	4.1%	4.5%	4.5%	363bps

Source: ETI (historical financials), Value Track analysis (2026E-30E financial forecasts)

Balance Sheet FY25A-FY30E

(OIC, €mn)	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Total Capital Employed	7.2	8.8	9.5	10.1	10.4	10.7
Shareholders' Equity	1.9	5.3	6.1	7.5	9.1	10.9
Minorities' Equity	0.0	0.0	0.0	0.0	0.0	0.0
Group Net Equity	1.9	5.3	6.1	7.5	9.1	10.9
Net Debt (-) Cash (+)	-5.3	-3.5	-3.4	-2.6	-1.3	0.2

Source: ETI (historical financials), Value Track analysis (2026E-30E financial forecasts)

Cash Flow Statement FY25A-FY30E

(OIC, €mn)	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
EBITDA	1.3	2.0	3.2	4.3	4.7	5.0
Δ Net Working Capital	-1.0	-0.7	-0.6	-1.0	-0.7	-0.8
Capex	-1.0	-1.8	-1.4	-0.7	-0.7	-0.8
Change in Provisions	-0.5	0.1	0.0	0.1	0.1	0.1
OpFCF b.t.	-1.1	-0.4	1.2	2.7	3.3	3.5
<i>As a % of EBITDA</i>	<i>-83.9%</i>	<i>-17.4%</i>	<i>39.3%</i>	<i>62.2%</i>	<i>70.4%</i>	<i>69.9%</i>
Cash Taxes	-0.7	-0.7	-1.3	-1.7	-1.7	-1.8
OpFCF a.t.	-1.8	-1.0	0.0	1.0	1.5	1.7
Capital Injections	0.0	3.0	0.0	0.0	0.0	0.0
Other (incl. Fin. Investments)	1.1	0.0	0.4	0.0	0.0	0.0
Net Financial Charges	-0.5	-0.2	-0.2	-0.2	-0.2	-0.2
Δ Net Financial Position	-1.2	1.8	0.1	0.8	1.3	1.5

Source: ETI (historical financials), Value Track analysis (2026E-30E financial forecasts)

Valuation Criteria

We initiate coverage on ETI with a Fair Equity Value of €8.5 per share as an average of Peers multiples and Actualized Valuation at Maturity and. At our Fair Equity Value, ETI would trade at 5.2 x EV/EBITDA and 15.9x P/E on 2027E figures. The valuation reflects the Company's visible growth trajectory and expected margin expansion, while retaining a discount to peers to account for ETI's smaller scale. Our DCF points to a value of up to €12.6 per share, highlighting further upside potential as the Company delivers on its business plan and progressively de-risks its growth profile. On a fully diluted basis, the dilution embedded in our base-case valuation remains contained at below 7%.

Valuation Summary

In order to assess ETI's Fair Equity Value, we would rely the following methodologies:

- **Listed peers' trading multiples**, used as a relative valuation methodology against comparable infrastructure and specialist gas / fluid operators, resulting in a Fair Equity Value of **€7.1 per share**, lower mainly due to ETI's smaller scale and current margin gap;
- **Actualized Valuation at Maturity**, aimed at capturing ETI's value once it reaches a more mature operating profile. This methodology leads to a Fair Equity Value of **€9.8 per share**;
- **Discounted Cash Flow**, used as a cross-check and based on ETI's expected cash-flow generation, revenue pipeline visibility and terminal-value assumptions, implying a Fair Equity Value of up to €12.6per share;

Our **Fair Equity Value is €8.5 per share**, based on the average of the first two methodologies. On a fully diluted basis, the dilution embedded in our base-case valuation remains contained at below 7%.

Valuation Summary

Methodology	Equity Value (€mn)	Equity Value (€ p/s)	F.D. Equity Value(€ p/s)	Notes
Peers' Mutliples	11.0	7.1	6.7	50% weight
Actualized VaM	15.2	9.8	9.0	50% weight
DCF	19.4	12.6	11.7	Cross-check
Fair Equity Value (€)	13.1	8.5	7.9	

Source: Value Track analysis

Our fully diluted Fair Value of €7.9 per share is based on a base-case dilution scenario, which assumes the exercise of ~85–90% of the maximum potential warrant pool. This implies the issuance of ~237k new shares at €6.325 per share, generating ~€1.5mn of cash proceeds and bringing the fully diluted share count to ~1.783mn. Our assumption reflects only partial allocation of the second warrant tranche, as full allocation would require all IPO investors to have retained their shares since listing.

Under a purely theoretical maximum-dilution scenario, ~273k new shares would be issued, generating €1.7mn of proceeds and increasing the fully diluted share count to 1.819mn.

#1 - Peers Analysis

Listed Companies Trading Multiples

We would benchmark ETI against two peer groups:

- **Italian infrastructure contractors**, reflecting ETI's domestic tender-based construction and maintenance profile;
- **Specialist gas / fluid / infrastructure operators**, capturing ETI's technical infrastructure exposure, including pipelines, fluid transportation, energy infrastructure, underground works and complex civil engineering.

Given differences in business models, scale and capital intensity across the peer set, we would use a broad set of valuation multiples to cross-check ETI's valuation across the P&L:

- **EV/Sales**, to benchmark revenue scale;
- **EV/EBITDA**, to capture operating profitability before D&A;
- **EV/EBIT**, to account for capital intensity and depreciation;
- **P/E**, to cross-check valuation at net earnings level.

We would exclude other multiples such as EV/CE and EV/OpFCF at this stage, as they are distorted by ETI's still-evolving capital base and growth-related working-capital absorption.

We use 2026E–27E as the reference period. Based on the selected listed peer set, average trading multiples stand at **7.5x and 6.2x EV/EBITDA** and **14.8x and 12.3x P/E** for 2026E and 2027E, respectively.

Listed Comparables

Company	Mkt Cap	EV/Sales		EV/EBITDA		EV/EBIT		P/E	
Peers	(€mn)	2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E
ITA Infrastructure									
Ubaldi Costruzioni SpA	47.1	0.5	0.3	3.4	2.4	3.5	2.4	8.3	6.1
Edil San Felice S.p.A.	88.5	1.1	0.9	6.1	4.8	7.0	5.5	9.8	8.4
Next Geosolutions Europe SpA	758.4	1.8	1.5	8.4	6.8	10.1	8.2	11.8	10.0
Reway Group SpA	389.9	1.3	1.1	7.7	6.6	9.7	8.2	14.2	12.4
I.CO.P. S.p.A.	966.7	1.2	1.1	9.8	7.4	14.1	11.0	20.0	15.7
Average	450.1	1.2	1.0	7.1	5.6	8.9	7.1	12.8	10.5
Median	389.9	1.2	1.1	7.7	6.6	9.7	8.2	11.8	10.0
EU Gas & Fluid Operators									
Per Aarsleff Holding A/S	1,909.0	0.5	0.5	6.4	5.5	11.5	9.6	14.4	12.5
Energy Services of America	260.4	0.6	0.6	10.0	8.3	17.2	13.4	25.4	19.2
Kreate Group Plc	281.5	0.5	0.5	8.4	7.5	12.3	10.9	15.1	13.5
Consti Oyj	98.2	0.3	na	7.6	6.0	10.5	8.1	14.0	10.9
GRK Infra Plc	821.1	0.6	0.5	7.3	6.4	9.4	8.3	14.9	13.9
Average	674.1	0.5	0.5	7.9	6.7	12.2	10.1	16.7	14.0
Median	281.5	0.5	0.5	7.6	6.4	11.5	9.6	14.9	13.5
Average	562.1	0.8	0.8	7.5	6.2	10.5	8.6	14.8	12.3
Median	335.7	0.6	0.6	7.7	6.5	10.3	8.3	14.3	12.4

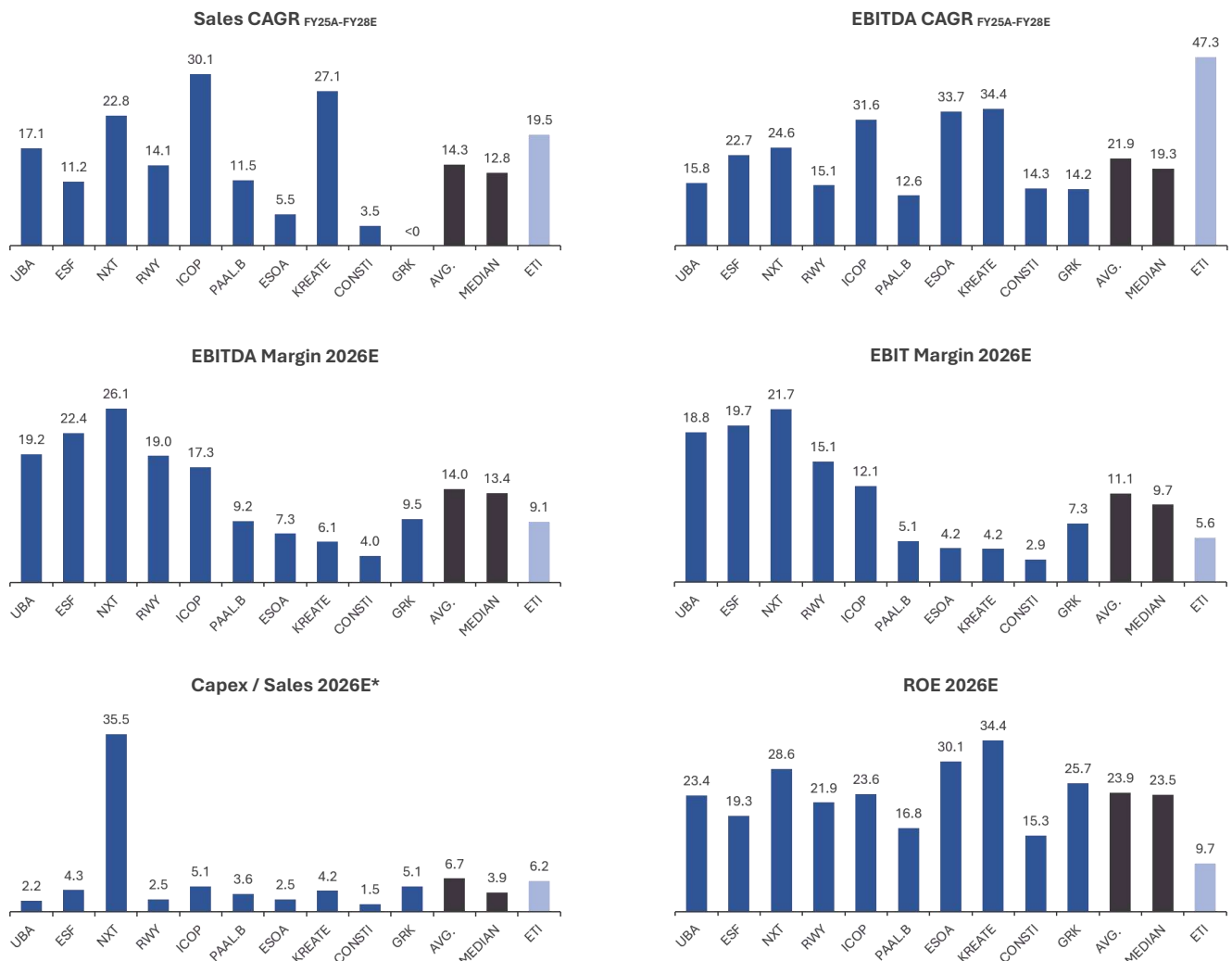
Source: Value Track analysis, FactSet

ETI vs. Listed Peers: Growth is Visible, but Margin Gap Is The Opportunity

ETI screens as a small, still under-optimized infrastructure contractor, but with an unusual combination of above-median growth and visible margin recovery potential. Current margins remain below peers, reflecting the cost of rapid scale-up, but this is also where the investment case sits: ETI has already built the revenue base and now has room to improve conversion into EBITDA and returns.

- **Growth is not the issue:** ETI's 2025–28E Top Line CAGR is 19.5%, above the peer average of 14.3%;
- **Profitability is the gap:** ETI's 2026E EBITDA and EBIT margins are both below peers. This justifies a discount to mature peers, but also shows why valuation should not be based only on current margins: ETI is still absorbing outsourcing, rental costs and the balance sheet impact of rapid scale-up;
- **EBITDA growth is the strongest datapoint:** ETI's 2025–28E EBITDA CAGR is 47.3%, almost twice the peer median of 21.9%. The upside is not based on heroic top-line assumptions, but on better conversion of an already larger revenue base into EBITDA;
- **Capex is in line with peers:** ETI's 2026E capex / sales is 6.2%, less than the peers' average despite the 2026-2027 investment peak (equipment to reduce rentals), before setting at 2-3% at steady-state;
- **Returns already positive, with upside from margin recovery:** ETI's ROE stands at 9.7%, below the peer median of 23.9%, but already at a reasonable level despite limited net margins, financial charges and tax absorption. As EBITDA recovery and deleveraging progress, returns should improve without requiring an aggressive revenue trajectory.

Economic Performance ETI vs. Peers



Source: FactSet, Value Track analysis, (*) ETI's capex does not include the capitalization of IPO related costs

Valuation outcome

ETI's smaller scale, limited liquidity, still-modest margins and working-capital intensity warrant a discount to peers. We apply a 15% discount, while noting that the current earnings base does not yet fully reflect the benefits expected from the deployment of the IPO proceeds:

- **2026E already reflects ETI's under-scale positioning**, embedding lower margins, higher rental intensity and only partial operating leverage;
- **ETI's value-creation potential is strongly scale-dependent**, with growth, margin recovery and returns expected to improve as the company moves toward a larger and more efficient operating platform;
- **The use of IPO proceeds should accelerate this transition**, supporting additional owned machinery, lower rental costs, stronger bonding capacity, access to larger tenders and procurement optimization.

Accordingly, a wider discount would double-count the limitations already embedded in 2026E earnings and understate the benefits expected from the deployment of the IPO proceeds.

Multiples-Based Valuation, FY27E

(€mn, x, OIC)	EV/Sales	EV/EBITDA	P/E
	2027E	2027E	2027E
Fair Multiples (x)	0.8	6.2	12.3
Fair Multiples @ 15% discount (x)	0.7	5.3	10.5
Fair Enterprise Value (€mn)	14.5	16.7	--
NFP [Net Debt (-) Cash (+)](€mn)	-3.4	-3.4	--
Fair Equity Value (€mn)	11.1	13.3	8.6
Fair Equity Value per share (€)	7.2	8.6	5.6
Avg. Fair Equity Value per share	7.1		

Source: Value Track analysis, FactSet

#2 - Actualized Valuation at Maturity

ETI's resilient business profile and steady growth trajectory within its current consolidation perimeter would support the use of a Valuation at Maturity methodology. Under this approach, we would estimate ETI's value based on its expected financials at maturity and discount the resulting valuation back to today using an appropriate rate reflecting the company's risk profile.

The exercise is based on ETI's 2030E financials and applies an EV/EBITDA multiple range of 5.0x–5.5x, with further rerating potential as ETI's scale, profitability and operating profile improve.

This exercise would result in a **€9.8 Fair Equity Value per share** (€15.2mn Fair Equity Value).

Actualized Valuation at Maturity (2030E)

(€mn, OIC)	2030E Low	2030E High
Fair EV/EBITDA @ Maturity (x)	5.0x	5.5x
EBITDA 2030E	5.0	5.0
Enterprise Value @ Maturity	25.2	27.7
Net Debt (-) Cash (+) 2030E	0.2	0.2
Equity Value @ Maturity	25.4	27.9
Equity Value Today @ 15% Hurdle Rate	14.5	15.9
Equity Value @ 15% Hurdle Rate per share (€)	9.4	10.3
Avg. Equity Value @ 15% Hurdle Rate per share (€)	9.8	

Source: Value Track analysis

Cross check - Discounted Cash Flow Model

As far as the DCF parameters are concerned, in our base case we would apply a **9.0% Rolling WACC** or **9.1% fixed WACC** assuming a 30% target D/(D + E) ratio.

WACC calculation would be based on the following assumptions:

- 2.0% Risk-Free Rate, in line with the long-term inflation target set by the ECB;
- 4.95% Equity Risk Premium (ERP) for the Italian market;
- 1.0 Unlevered Beta, usual conservative value for an Italian SME;
- 30% Target Capital Structure (Debt / (Debt + Equity));
- 2.5% Company Specific Additional Risk Premium, based on the Expanded CAPM approach, which we consider particularly appropriate when dealing with small to mid-sized companies.

At the current capital structure (D/(D+E) of 40%), the resulting Cost of Equity (Ke) would be 11.9%, compared with 11.1% under the target capital structure (D/(D+E) of 30%). Assuming a 4.0% spread over the 2.0% Risk-Free Rate, the pre-tax Cost of Debt would be 6.0%, equivalent to 4.6% after tax.

Our Terminal Value is derived using an EV/EBITDA multiple of 5.5x, which sits at the conservative end of the peer trading range.

DCF Model with Rolling WACC and Target WACC

(€mn,-OIC)	Rolling WACC	Target WACC
PV of Future Cash-Flows 2027E-2035E	7.8	7.9
As a % of Enterprise Value	34%	34%
PV of Terminal Value 2035E @5.5x EV/EBITDA	14.8	15.3
Enterprise Value	22.6	23.2
Net Fin. Position 2026E	-3.5	-3.5
Equity Value (€)	19.1	19.7
Equity Value Per Share (€)	12.4	12.7
Average Equity Value Per Share(€)	12.6	

Source: Value Track analysis

Sensitivity of DCF model @ Target Capital Structure

		TV/EBITDA				
		4.5x	5.0x	5.5x	6.0x	6.5x
WACC (%)	8.6%	11.4	12.4	13.3	14.2	15.2
	8.9%	11.2	12.1	13.0	13.9	14.8
	9.1%	10.9	11.8	12.7	13.6	14.5
	9.4%	10.7	11.6	12.5	13.3	14.2
	9.6%	10.5	11.3	12.2	13.1	13.9

Source: Value Track Analysis

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