

La SIA SpA

Sector: Design & Engineering services

Pivoting towards Civil & Design goes on

La SIA SpA is a leading Italian engineering and design firm, ranking among the Top 100 Italian ones. It provides a wide range of services utilizing cutting-edge digital methodologies and technologies.

1H24 Financials

La SIA's 1H24 results boast high seasonality, with revenue and margins concentrated in 3Q/4Q24E, while the company is shifting its focus from Telco to Civil & Design segments. Going more in details, we flag:

- ◆ **VoP at €7.0mn**, down 7% y/y from €7.5mn in 1H23, with Civil & Design BU up at €2.7mn while Telco is down at €2.5mn. Civil & Design now account for 46% of total and Telco for 42% respectively, vs. 11% and 74% in FY20;
- ◆ **EBITDA at €529k** (7.6% margin), down 20% y/y from €664k in 1H23 (8.9% margin), driven by increased labor costs;
- ◆ **EBIT at €219k** (3.1% margin) vs. €403k in 1H23 (5.4% margin), i.e., -46% y/y, due to lower EBITDA and upper D&A charges y/y (ca. €50k);
- ◆ **Net Cash at €3.2mn** vs. Net Cash of €5.8mn in March '24 (before dividends) and Net Cash of €4.9mn in Dec. '23, mainly due to NWC absorption and €1.4mn of dividends.

La SIA's current **backlog** remains stable at ~**€35.1mn**, in line with 1H23 (€36.9mn) and 1Q24 (at €36.3mn), with €6.0mn converted into revenue and €5.0mn in new orders secured.

Fine-tuning of 2024E-onward forecasts

1H results are not fully aligned with our FY24E forecasts in terms of revenue and profitability; however, on a positive note, the order backlog remains robust. Particularly, as far as FY24E-26E estimates, we now forecast: i) VoP to get close to €20.0mn (9% CAGR23A-26E); ii) EBITDA and EBIT Margin (on VoP) at 18.4% and 16.3% by 2026E; iii) Net Cash to remain stable at ca. €3.4mn by 2026E year-end with 9.7mn cumulated EBITDA, more than covering €4.2mn of dividends payments and negative ΔNWC cycle, leading space to potential M&A deals.

Fair Value p/s at €4.73 (down from €5.20)

Peers' multiples rerating does not fully offset the lower projections, thus driving **La SIA fair value per share down at €4.73** (from €5.20 p/s). Note that, DCF based fair value (ca. €5.72 p/s – €6.16 p/s) is a useful crosscheck, aimed at capturing La SIA's valuation potential in the medium term. At fair value, La SIA would trade at 8.5x-7.2x EV/EBITDA, 10.7x-9.0x EV/EBIT and 16.3x-13.8x P/E 2024E-25E, vs. Peers trading at median 10.7x-9.3x EV/EBITDA, 14.6x-12.3x EV/EBIT and 21.7x-18.2x P/E 2024E-25E.



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Fair Value (€) **4.73**

Market Price (€) **2.62**

Market Cap. (€m) **14.8**

KEY FINANCIALS (€m)	2023A	2024E	2025E
VALUE OF PRODUCTION	16.3	16.5	18.3
REPORTED EBITDA	3.1	2.8	3.3
EBIT	2.5	2.2	2.6
NET PROFIT	2.0	1.6	1.9
EQUITY	11.6	11.7	12.4
NET CASH POS.	4.9	2.9	3.3
EPS ADJ. (€)	0.43	0.29	0.34
DPS (€)	0.27	0.22	0.26

Source: La SIA (historical figures), Value Track (2024E-25E estimates)

KEY RATIOS	2023A	2024E	2025E
EBITDA MARGIN (%)	18.8	17.0	17.8
EBIT MARGIN (%)	15.1	13.5	14.3
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	0.0	0.0	0.0
EV/EBITDA (x)	3.2	4.2	3.6
EV/EBIT (x)	4.0	5.4	4.4
P/E ADJ. (x)	6.2	9.0	7.6
DIV. YIELD (%)	10.2	8.3	9.8

Source: La SIA (historical figures), Value Track (2024E-25E estimates)

STOCK DATA	
MARKET PRICE (€)	2.62
SHS. OUT. (m)	5.7
MARKET CAP. (€m)	14.8
ENTERPRISE VALUE (€m)	11.9
FREE FLOAT (%)	29.4
AVG. -20D VOL. (#)	9,500
RIC / BBG	LASIA.MI / LASIA IM
52 WK RANGE	2.44-9.00

Source: Stock Market Data

EQUITY RESEARCH PRODUCED ON BEHALF OF MIT SIM ACTING AS SPECIALIST ON LA SIA SHARES



Business Description

La SIA SpA is a leading Italian engineering and design firm, ranking among the Top 100 in the country. It offers a wide range of cutting-edge Design & Engineering services to large corporates in end markets such as Telecommunications, Civil & Design and Utilities & Infrastructures. With a nationwide presence and a skilled, flexible workforce, La SIA embraces innovative digital methodologies and technologies, actively participates in R&D projects, and holds internationally recognized ISO certifications.

Key Financials

€mn	2023A	2024E	2025E	2026E
Value of Production	16.3	16.5	18.3	19.9
y/y (%)	4.1%	1.5%	11.1%	8.6%
EBITDA	3.1	2.8	3.3	3.7
EBITDA Margin (%)	18.8%	17.0%	17.8%	18.4%
EBIT	2.5	2.2	2.6	3.3
EBIT Margin (%)	15.1%	13.5%	14.3%	16.3%
Net Profit	2.0	1.6	1.9	2.4
y/y (%)	-7.2%	-17.3%	18.4%	25.0%
Net Fin. Position	4.9	2.9	3.3	3.4
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-0.8	-0.3	-0.3	-0.4
OpFCF b.t.	1.8	0.1	2.2	2.4
OpFCF b.t. as % of EBITDA	59.3%	3.2%	68.2%	66.7%

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

Investment case

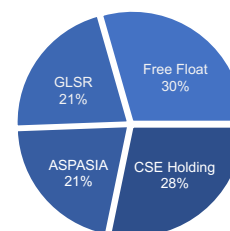
Strengths / Opportunities

- ◆ In-depth expertise in BIM methodology and high emphasis on R&D;
- ◆ Entitlement of full set of certifications and “certified categories”;
- ◆ Well-crafted managerial and operating structure with highly skilled and flexible labour force.

Weaknesses / Risks

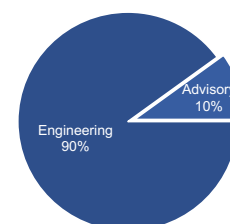
- ◆ Pretty high (even if diminishing quarter by quarter) concentration of revenues on few clients;
- ◆ Low exposure to some high-growth end markets and lack of in-depth IoT/AI skills.

Shareholders Structure



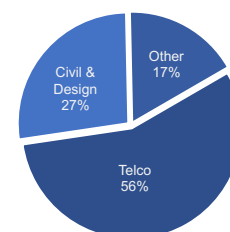
Source: La SIA

FY23 Sales bkdown business line



Source: La SIA, FY23

FY23 Sales bkdown end market



Source: La SIA, FY23

Stock multiples @ €4.73 Fair Value

	2024E	2025E
EV / SALES (x)	1.6	1.3
EV / EBITDA (x)	8.5	7.2
EV / EBIT (x)	10.7	9.0
EV / Cap. Empl. (x)	2.7	2.6
OpFCF Yield (%)	0.6	9.5
P / E Adj. (x)	16.3	13.8
P / BV (x)	2.3	2.2
Dividend Yield (%)	2.3	2.2

Source: Value Track

1H24 Financials

Key Figures & Messages

La SIA reported its 1H24 financials result, stressing pronounced seasonality in its operations, which leads to an uneven distribution of revenue and margins, heavily weighted towards 3Q/4Q24E. Consequently, these interim results do not fully represent the company's overall annual performance. Furthermore, La SIA is currently undergoing a **transition phase** in which its revenue mix is being repositioned to be less reliant on Telco, as it seeks to diversify its business and strengthen other segments such as Civil & Design.

As far as 1H24 key financials, we flag:

- ◆ **Value of Production at €7.0mn**, reflecting a transition period towards the Civil & Design BU (impact of €2.7mn) at the expense of Telco (impact of €2.5mn), now representing 46% and 42% of the business respectively, compared to 11% and 74% in FY20, vs. €7.5mn in 1H23 (-7% y/y);
- ◆ **EBITDA at €529k** (7.6% margin), largely impacted by higher labor costs as a proportion of VoP, vs. €664k in 1H23 (8.9% margin), i.e., -20% y/y;
- ◆ **EBIT at €219k** (3.1% margin) vs. €403k in 1H23 (5.4% margin), i.e., -46% y/y, due to lower EBITDA and upper D&A charges y/y (ca. €50k);
- ◆ **Net Cash at €3.2mn** vs. Net Cash of €5.8mn in March '24 (before dividends) and Net Cash of €4.9mn in Dec. '23, mainly due to NWC absorption linked to Inventory and €1.4mn of dividends.

La SIA's current **backlog** stands at ca. **€35.1mn**, basically in line with 1H23 (€36.9mn). However, vs. 1Q24 (at €36.3mn), around €6.0mn have been converted into revenue, and new orders totaling €5.0mn have been secured.

In line with revenues, the backlog mix has also shifted. Specifically, we estimate Telco sector's share breakdown from 48% in 1H23 to ca. 40% in 1H24, the Civil sector's share up from 42% to ca. 48%, and Utilities & Infrastructure up from 10% to ca. 13%. To note that, as of 1H24, the hard backlog represents 34% of the total backlog, an increase of 9% vs 1H23 (at 25%).

Please note that Seven Consulting subsidiary, consolidated as of July '23, was not included in 1H23.

La SIA: Key Financials 1H22 – 1H23 – 1H24 / Hard & Soft Backlog 1H24

Key Financials (IAS, €mn)	1H22	1H23	1H24	y/y
Value of Production	6.2	7.5	7.0	-7%
EBITDA	0.4	0.7	0.5	-20%
EBITDA Margin (%)	6.4%	8.9%	7.6%	-129bps
EBIT	0.2	0.4	0.2	-46%
Net Profit	0.1	0.2	0.1	-54%
OpFCF b.t.	0.4	1.8	-0.4	nm
Net Working Capital	5.3 (*)	5.8 (*)	6.7	0.9
Net Financial Position	-1.2 (*)	4.9 (*)	3.2	-1.8

Source: La SIA, Value Track Analysis, (*) Referring to FY22 and FY23, including €5.3mn of capital injections (net of expenses)

Backlog as of June '24 (€mn)	Hard	Soft	Total
Civil	4.7	11.9	16.7
Utility & Infrastructures	1.2	3.2	4.4
Telco	6.2	7.8	14.0
Total	12.1	23.0	35.1

Source: La SIA

In our opinion, the key qualitative messages underlying the presented financial results are as follows:

1. **Transition period with a pivoting from Telco to Civil & Design;**
2. **Profitability affected by rising labour costs;**
3. **Adverse NWC cycle and dividends drive FCF absorption.**

Transition period with a pivoting from Telco to Civil & Design

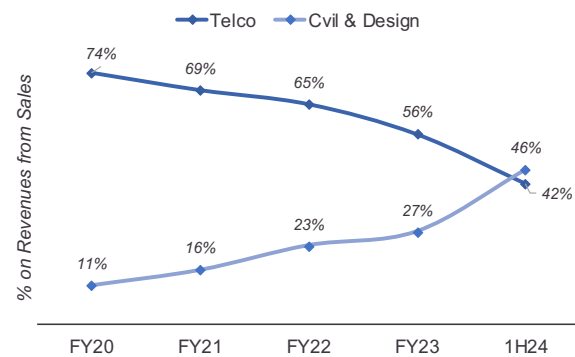
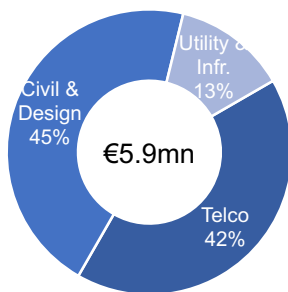
La SIA reported 1H24 **Revenues from Sales at €5.9mn**, -10% y/y (1H23 at €6.6mn). As for the other components of VoP the Company posted i) €226k related to Other Revenues, ii) €827k to change in inventories (including WIP, i.e., +33% y/y).

Thus, 1H24 **Value of Production** came out at **€7.0mn**, -7% y/y vs. 1H23.

In terms of revenues breakdown, we highlight:

- ◆ **Civil & Design** business unit at €2.7mn;
- ◆ **Telco** BU revenues at €2.5mn;
- ◆ **Utility & Infrastructure** BU revenues at €762k.

La SIA: 1H24 Revenues from Sales breakdown and Evolution of Telco and Civil & Design on Revenues



Source: La SIA, Value Track Analysis

Worth noting, Telco’s share of total sales has declined from 74% in FY20 to 42% in 1H24, while Civil & Design has grown from 11% in FY20 to 46% in 1H24, reflecting a **significant shift in the business mix** over this period.

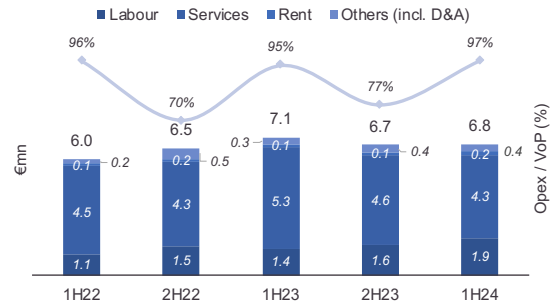
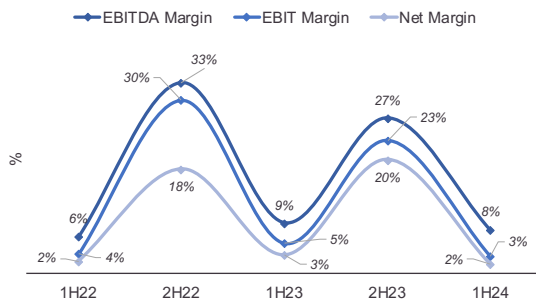
Profitability affected by rising labour costs

EBITDA was down 20% y/y at ca. €529k (vs. €664k in 1H23) and EBITDA Margin (on VoP) was down by 129bps to 7.6% (vs. 8.9% in 1H23) after Total Opex at €6.5mn (-5% y/y).

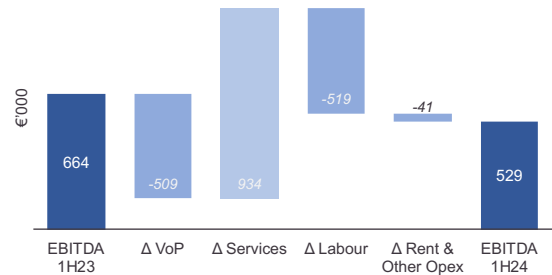
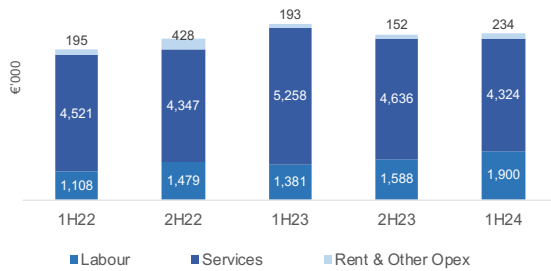
However, the margin gap can largely be explained by an increase in the workforce (avg. # of employees increased from 55 in FY23 to 60 in 1H24).

Indeed, during FY23, the appointment of a new executive, the increase in performance bonuses, the average rise in compensation levels, and a high turnover rate, which resulted in higher costs for more skilled new hires due to a labour market with a limited supply of highly skilled professionals, all contributed to an overall increase in costs.

La SIA: Group Margins and Operating Expenses



La SIA: Costs Structure and EBITDA Bridge 1H23 – 1H24



Source: La SIA, Value Track Analysis

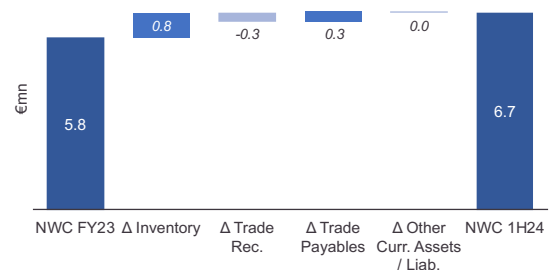
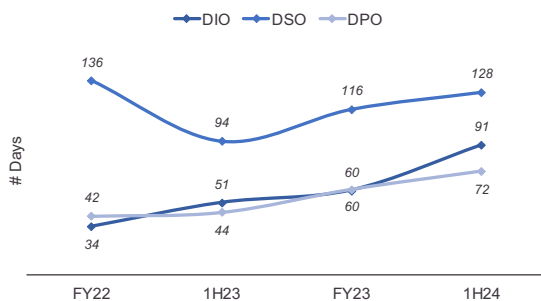
Below EBITDA, the increase of D&A charges by ca. €49k (+19% y/y) drove EBIT at €219k (-46% y/y). Due to a) ca. €23k financial expenses and b) ~44% tax rate (ca. €86k), **1H24 Net Profit** stood at **€110k** (vs. €240k in 1H23) with Net Margin at a 1.6% (vs. 3.2% in 1H23).

Adverse NWC cycle and dividends drive FCF absorption

As of 1H24, La SIA **Net Cash** was at **€3.2mn**, vs. Net Cash of €4.9mn and €0.1mn as of FY23 and 1H23, respectively. In this period, the cash generation had to do mainly for IPO Proceeds (ca. €5.3mn), dividends payments and negative ΔNWC (especially in 2H23, i.e., ~€2.3mn). Here a summary of 1H24 main cash flow movements:

- ◆ **NWC** stood at roughly **€6.7mn** (higher by ~€820k vs. FY23 including the changes in provisions), with an increase in inventory (from €2.7mn in FY23 to €3.5mn in 1H24) and in trade payables increases by ca. €324k, with the latter slightly offset by a decrease in Trade Receivables (from €5.2mn to €4.9mn, i.e., €270k lower);
- ◆ **Capex** at ca. **€150k**, o/w 95% related to RoU, and **Dividends** absorbing ca. **€1.5mn**.

La SIA: Cash Conversion Cycle Evolution and ΔNWC Evolution in 1H24



Source: La SIA, Value Track Analysis

Financial Statements 1H22 – 1H23 – 1H24

La SIA: P&L 1H22 – 1H23 – 1H24

P&L (IAS, €mn)	1H22	1H23	1H24	y/y
Revenues from Sales	5.7	6.6	5.9	-10%
Other Revenues	0.2	0.1	0.2	nm
Δ Inventory (Finished Goods)	0.2	0.6	0.8	33%
Δ Fixed Assets	0.1	0.2	0.0	nm
Value of Production	6.2	7.5	7.0	-7%
Raw Materials, Δ Inventory	0.0	0.0	0.0	-5%
Costs of Services	-4.5	-5.3	-4.3	-18%
Costs of Rent	-0.1	-0.1	-0.2	26%
Labour Costs	-1.1	-1.4	-1.9	38%
Other Costs	0.0	0.0	0.0	37%
EBITDA	0.4	0.7	0.5	-20%
EBITDA Margin (%)	6.4%	8.9%	7.6%	-129bps
D&A / Provisions	-0.2	-0.3	-0.3	19%
EBIT	0.2	0.4	0.2	-46%
EBIT Margin (%)	3.5%	5.4%	3.1%	-224bps
Interest Expenses	0.0	-0.1	0.0	-58%
Pre-Tax Profit	0.2	0.3	0.2	-44%
Taxes	-0.1	-0.1	-0.1	-20%
Net Profit	0.1	0.2	0.1	-54%

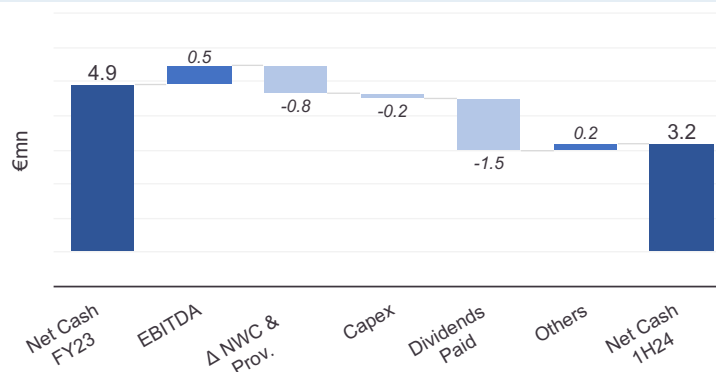
Source: La SIA, Value Track Analysis

La SIA: Balance Sheet FY22 – 1H23 – FY23 – 1H24

Balance Sheet (IAS, €mn)	FY22	1H23	FY23	1H24
Net Fixed Assets	1.1	1.4	1.2	1.1
Net Working Capital	5.3	3.5	5.8	6.7
Provisions	0.3	0.3	0.4	0.4
Total Capital Employed	6.1	4.5	6.7	7.3
Group Net Equity	4.9	4.6	11.6	10.5
Net Financial Position [Net debt (-) / Cash (+)]	-1.2	0.1	4.9	3.2

Source: La SIA, Value Track Analysis

La SIA: Cash Flow Statements 1H24



Source: La SIA, Value Track Analysis

Fine-tuning of 2024E-onward estimates

1H results are not entirely aligned with our FY24E forecasts in terms of revenues and profitability, though, on the positive side order backlog keeps maintaining robust.

As a result, we're fine tuning our 2024E-26E estimates, in particular:

- ◆ Top line downward revision (~5% per annum), due to the postponement of some orders;
- ◆ Lower EBITDA-EBIT margins (ca. 200bps per year) as the increase in labor costs may not be fully offset by the cost optimization in other expenses;
- ◆ Cash Flow falling adjustments driven by minor profitability and higher NWC cycle (ca. €600k in FY24E and ca. €1.0-1.1mn in FY25E-26E).

La SIA: New vs. Old Estimates

(€ mn)	2024E			2025E			2026E		
	Old	New	Change	Old	New	Change	Old	New	Change
Total Revenues	17.8	16.5	-7.2%	19.5	18.3	-5.7%	20.8	19.9	-4.0%
OpEx (excl. Labour)	-11.2	-10.1	-10.2%	-12.2	-11.1	-9.3%	-13.0	-12.0	-7.7%
Labour cost	-3.2	-3.6	13.4%	-3.3	-4.0	18.9%	-3.5	-4.3	21.5%
EBITDA	3.4	2.8	-17.0%	3.9	3.3	-15.7%	4.2	3.7	-13.2%
EBITDA Margin (%)	19.0%	17.0%	-200bps	19.9%	17.8%	-210bps	20.3%	18.4%	-195bps
EBIT	2.8	2.2	-20.0%	3.2	2.6	-17.4%	3.8	3.3	-14.7%
EBIT Margin (%)	15.6%	13.5%	-215bps	16.3%	14.3%	-202bps	18.4%	16.3%	-205bps
Pre-tax Profit	2.8	2.2	-22.2%	3.2	2.6	-19.1%	3.9	3.2	-15.9%
Tax	-0.7	-0.5	-22.2%	-0.8	-0.6	-19.1%	-1.0	-0.8	-15.9%
Net Profit	2.1	1.6	-22.2%	2.4	1.9	-19.1%	2.9	2.4	-15.9%
Net Fin. Pos. [Net debt (-) / Cash (+)]	3.5	2.9	-0.6	4.3	3.3	-1.1	4.5	3.4	-1.0
OpFCF a.t.	0.3	-0.5	nm	2.4	1.6	-35.0%	2.0	1.6	-18.4%

Source: Value Track Analysis

Our new 2024E-26E forecasts can be summarized as follows:

- ◆ Value of Production expected to move from €16.5mn in 2024E to ca. €19.9mn at the end of the forecasted period (ca. 9% CAGR_{23A-26E});
- ◆ Operating profitability slightly increasing over the next three years with EBITDA and EBIT Margin expected respectively at 18.4% and 16.3% (on VoP) by 2026E;
- ◆ Despite negative Δ NWC cycle, OpFCF b.t. (defined as EBITDA - Tangible and Intangible Capex \pm Δ NWC \pm Δ Provisions) / EBITDA ratio stands on average at ~40% over the FY24E-26E period;
- ◆ Net Cash Position to worsening at ca. €3.4mn by 2026E year-end, with ~€9.7mn cumulated EBITDA slightly covering €4.2mn of cumulated dividends distribution and €4.1mn of negative Δ NWC.

La SIA: 2023A – 2026E P&L

(€mn)	2023A	2024E	2025E	2026E
Revenues from Sales	14.8	15.4	18.0	19.3
Other Revenues	0.3	0.5	0.0	0.0
Δ Inventory (Finished Goods)	1.2	0.6	0.2	0.5
Δ Fixed Assets	0.0	0.0	0.1	0.1
Value of Production	16.3	16.5	18.3	19.9
Costs of Services	-9.9	-9.7	-10.6	-11.5
Labour Costs	-3.0	-3.6	-4.0	-4.3
Other Costs	-0.3	-0.4	-0.5	-0.5
EBITDA	3.1	2.8	3.3	3.7
EBITDA Margin (%)	18.8%	17.0%	17.8%	18.4%
Depreciation & Amortization	-0.6	-0.6	-0.6	-0.4
EBIT	2.5	2.2	2.6	3.3
EBIT Margin (%)	15.1%	13.5%	14.3%	16.3%
Net Fin. Ch. & Non-Operating Items	-0.1	0.0	0.0	0.0
Pre-tax Profit	2.3	2.2	2.6	3.2
Tax	-0.4	-0.5	-0.6	-0.8
Net Profit	2.0	1.6	1.9	2.4

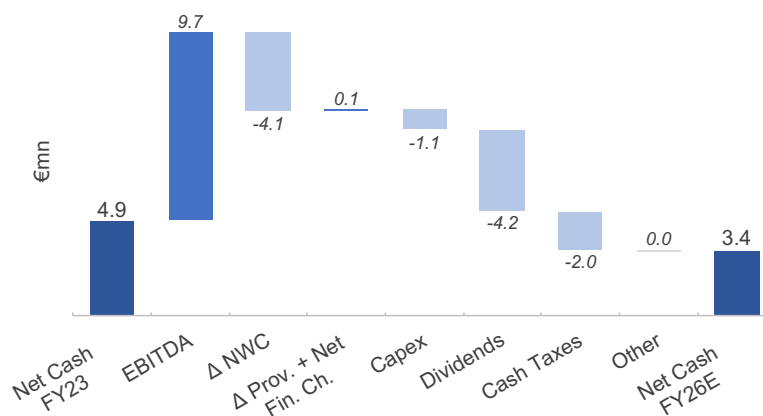
Source: La SIA, Value Track Analysis

La SIA: 2023A – 2026E Balance Sheet

(€mn)	2023A	2024E	2025E	2026E
Net Fixed Assets	1.2	1.0	0.7	0.7
Net Working Capital	5.8	8.2	9.0	9.9
o/w Inventory (WIP)	2.7	3.3	3.5	4.0
Trade Receivables	5.2	6.3	7.0	7.6
Trade Payables	2.3	2.3	2.5	2.7
Other current assets / liabilities	0.3	0.9	1.0	1.0
Severance Pay and Other Funds	0.4	0.4	0.5	0.6
Total Capital Employed	6.7	8.8	9.2	10.0
Group Net Equity	11.6	11.7	12.4	13.4
Net Fin. Pos. [Net debt (-) / Cash (+)]	4.9	2.9	3.3	3.4

Source: La SIA, Value Track Analysis

La SIA: 2023A – 2026E Aggregated Cash Flow Statement



Source: La SIA, Value Track Analysis

Valuation

We fine-tuned La SIA's **fair Equity Value at €4.73 p/s**, (from €5.20) which would imply ca. €26.8mn market capitalization, attained with Peers Analysis on 2024E multiples. Note that, DCF based fair value (ca. €5.72 p/s – €6.16 p/s) is a useful crosscheck, aimed at capturing La SIA's valuation potential in the medium term. At fair value La SIA would trade at 8.5x – 7.2x EV/EBITDA 2024E-25E respectively and 4.6% Div. Yield 2024E.

Peers' Analysis

Peers Stock trading multiples

Massive rerating of Peers partially offset the downward revision of La SIA estimates. We note that European D&E stocks trade at more than 40% discount vs. North American ones and selected Italian B2B stocks trade at ca. 5% discount vs. European D&E ones. However, splitting the clusters, we see that:

- ◆ **North American** stocks continue showing the most demanding multiples;
- ◆ **European** peers trade at ca. 7.6x EV/EBITDA 2025E, but with data being scattered from DBA Group at 2.7x.
- ◆ **Italian** comparables trade at discount vs. all the other clusters, at a median 5.4x EV/EBITDA 2025E vs. 13.2x of North American stocks.

LA SIA Group: Peers' Market Multiples

Peers by Cluster	EV / EBITDA (x)		EV / EBIT (x)		P/E	
	2024E	2025E	2024E	2025E	2024E	2025E
AECOM	14.5	13.0	16.2	14.4	28.9	21.0
DYCOM	13.0	12.0	20.3	19.5	26.7	25.9
WSP GLOBAL	16.4	13.8	23.1	19.3	nm	33.0
Stantec	15.2	13.3	22.1	18.6	33.1	26.3
Jacobs Solutions	17.8	14.4	16.0	15.3	33.5	24.8
Bowman Consulting	7.8	6.6	nm	nm	nm	nm
Peers' Group North America - Average	14.1	12.2	19.5	17.4	30.6	26.2
Peers' Group North America - Median	14.9	13.2	20.3	18.6	31.0	25.9
Arcadis	12.3	10.5	16.1	13.5	24.3	19.2
Alten SA	6.5	5.6	8.0	7.0	12.8	11.7
Sweco	nm	17.5	nm	19.5	nm	25.4
DBA Group	3.3	2.7	5.3	4.2	5.7	5.3
Assystem	12.2	11.2	21.8	19.8	26.3	18.9
Rejlers	7.2	6.5	12.4	10.8	15.1	13.3
Afry	9.1	7.9	13.2	11.0	15.5	12.6
Multiconsult	7.6	7.3	11.5	10.5	13.4	13.5
Peers' Group Europe - Average	8.3	8.7	12.6	12.0	16.1	15.0
Peers' Group Europe - Median	7.6	7.6	12.4	10.9	15.1	13.4
Franchetti	15.8	9.3	nm	11.1	nm	17.4
Circle	7.8	5.4	12.5	7.9	21.7	14.5
TPS	3.3	2.6	4.1	3.5	10.2	9.4
Peers' Group Italy - Average	9.0	5.8	8.3	7.5	15.9	13.8
Peers' Group Italy - Median	7.8	5.4	8.3	7.9	15.9	14.5

Source: Market Consensus, Value Track Analysis

Fai valuation based on Peers

We deem fair to take into account the whole sample in order to set the fair multiples to apply to La SIA. Peers' median 2024E EV/EBITDA, EV/EBIT and P/E multiples stand at 10.7x, 14.6x and 21.7x, respectively. These leads – after applying a 30% discount (mainly due to Italy + Small Size effect) on the total median – to **€4.73 fair value per share for La SIA**.

LA SIA Group: Stock Market Multiples at current market price and at fair value

Peers by Cluster	EV / EBITDA (x)		EV / EBIT (x)		P/E	
	2024E	2025E	2024E	2025E	2024E	2025E
Peers' Group - Median	10.7	9.3	14.6	12.3	21.7	18.2
La SIA @ current €2.62 market price	4.2	3.6	5.4	4.4	9.0	7.6
La SIA @ €4.73 fair value	8.5	7.2	10.7	9.0	16.3	13.8

Source: Market Consensus, Value Track Analysis

Thus, the estimates revision has materially squeezed La SIA's fair value, with the adjustments to the NFP reducing it by €0.11 p/s and the EBITDA revision leading to a €0.71 p/s fall. As a result, the fair value pre-market downwards from €5.20 to €4.38 per share. However, the rerating of peers contributed a €0.35 recovery, supporting the final fair value of €4.73 per share.

LA SIA Group: Components Effecting Fair Value

	€ (p/s)
<i>PFN Effect</i>	-0.11
<i>EBITDA Effect</i>	-0.71
Total	-0.82
Old Fair Value	5.20
New Fair Value pre-market	4.38
<i>Peers Rerating</i>	+0.35
New Fair Value	4.73

Source: Market Consensus, Value Track Analysis

Cross-Check: Discounted Cash Flow Model

We cross check the Peers' based fair value per share with DCF model, as this methodology should capture medium and medium-term valuation potential of the Company if its growth path is properly achieved. As far as the DCF parameters are concerned, we apply an **8.9% rolling WACC** (or 9.5% if we consider a "target" D/(D+E) ratio), based on the following assumptions:

- ◆ 2.0% Risk-free rate in line with long-term inflation target set by the ECB;
- ◆ 5.19% Equity Risk Premium (ERP) for the Italian market, from 5.62 as of the mid-April (Source: Prof. Damodaran's website <http://pages.stern.nyu.edu/~adamodar/> for more details);
- ◆ 0.77 Unlevered Beta, aligned to European Engineering / Construction Beta;
- ◆ Rolling Debt / (Debt + Equity) ratio in the rolling WACC calculation and stable target 20% Debt / (Debt + Equity) ratio in the fixed WACC calculation;
- ◆ 3.5% Company Specific Risk Premium, based on the Expanded CAPM approach that we consider particularly appropriate when dealing with small size companies with medium-high revenue concentration on a few clients;
- ◆ 2.5% Credit Spread;
- ◆ Resulting K_e and K_d equal to 9.5% (10.2% at target capital structure) and 4.5%, respectively.

Terminal Value is based on a 1.0% perpetual growth rate "g".

The result is **€5.72 DCF based fair value per share** (€6.16 at target capital structure).

LA SIA: DCF Model outcomes with Rolling and Target Capital Structure

€mn	Rolling D/D+E	Target 20% D/D+E
PV of future cash flows FY24E-FY30E	8.7	8.9
PV of Terminal Value (g=2%)	18.8	21.1
Fair Enterprise Value	27.5	30.0
Net Cash Position FY23A		4.9
Minorities and Other Liabilities / Assets	0.0	0.0
Fair Equity Value	32.4	34.9
Fair Equity Value per share (€)	5.72	6.16

Source: Value Track Analysis

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