Milan, 03 March 2025

Italian Equity Research – Company Update

MARE GROUP

BUY

Sector: IT Services

Price: Eu4.10 - **Target: Eu8.00**

Becoming a National Leader in Engineering

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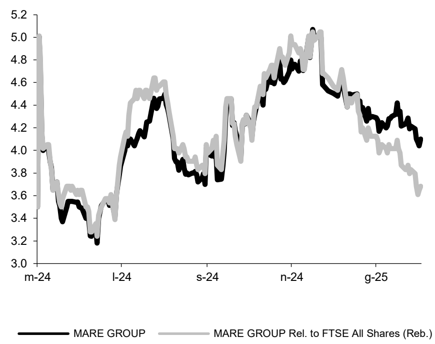
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2024E	**2025E**	**2026E**
Chg in Adj EPS	-47.0%	-19.9%	-19.8%

Next Event
FY24 Final Results Out March 28th 2025

MARE GROUP - 12M Performance



Stock Data			
Reuters code:			MARE.MI
Bloomberg code:			MARE IM
Performance	**1M**	**3M**	**12M**
Absolute	-3.4%	-13.9%	--
Relative	-9.0%	-28.9%	--
12M (H/L)			5.07/3.18
3M Average Volume (th):			15.14

Shareholder Data	
No. of Ord shares (mn):	15
Total no. of shares (mn):	16
Mkt Cap Ord (Eu mn):	62
Total Mkt Cap (Eu mn):	62
Mkt Float - Ord (Eu mn):	20
Mkt Float (in %):	32.9%
Main Shareholder:	
Antonio Maria Zinno	20.4%

Balance Sheet Data	
Book Value (Eu mn):	49
BVPS (Eu):	2.99
P/BV:	1.4
Net Financial Position (Eu mn):	5
Enterprise Value (Eu mn):	59

With the acquisition of La SIA, Mare Group will make a decisive leap forward towards becoming a national leader in engineering, rising to sixth place among independent sector operators, with over 500 professionals and an estimated pro-forma 2024 Production Value of c.Eu65mn. Thanks to the complementary nature of the two groups and the new business opportunities deriving from entry into the infrastructure and civil construction sectors, at first glance we estimate value creation of c.Eu0.4 per share from the acquisition, partially offsetting the dilutive impact of the December 2024 capital raise. Preliminary 2024 results are slightly below our expectations, but for now, we are not revising our estimates as they were already conservative. We confirm our BUY rating on the stock and the Eu8.0 TP.

- **Preliminary 2024 Results:** The preliminary 2024 results, released last Friday, are in line with guidance but slightly below our expectations: VdP +13.1% YoY to Eu44.6mn (estimate: Eu45.0m), adj. EBITDA +24.5% YoY to Eu13.2mn (estimate: Eu14.0mn), adj. NFP at Eu1.3mn debt (estimate: Eu14.0mn before Eu13.5mn capital increase). We confirm estimates pending the 2025 guidance to be announced on 28 March.
- **Acquisition of La SIA:** On 12 Feb, Mare Group announced its biggest acquisition: La SIA, a company listed on the EGM segment, active in the engineering consultancy and design sector, specialising in the design of critical infrastructure (civil construction, tlc and energy plants). The acquired company's 2024 VoP was Eu15.6mn, with a backlog of Eu34.4mn and Eu4.0mn net cash position. Initially, a controlling stake of 70.6% will be acquired from the founding shareholders, followed by a share purchase and exchange offer on the remaining 29.4% of the capital under the same conditions: swap ratio of 0.64 + Eu0.62 in cash for each La SIA share, valuing La SIA at Eu3.38 per share, or Eu19.2mn for 100% of the capital (1.0x EV/sales vs. the 1.8x at which Mare Group is trading). Maurizio Ciardi, La SIA CEO and founding shareholder, will join the Mare Group board with responsibility for management of the acquired company, facilitating the integration process. The acquisition of La SIA allows Mare Group to integrate highly specialised skills in new sectors, enriching its portfolio of services, allowing the development of intelligent, interconnected engineering solutions and opening new business opportunities with recurring revenues in high-potential strategic sectors, boosting its competitiveness.
- **December 2024 capital raise:** Mare Group retains significant firepower for acquisitions, as in December last year it raised Eu15.5mn of fresh capital through an ABB, issuing 3.44mn new shares at Eu4.50 per share, strengthening the group's capital to target further M&A deals.
- **BUY recommendation and Eu8.0 TP confirmed:** we confirm our BUY recommendation on the stock and the Eu8.0 TP, which factor in a Eu0.9/share dilutive impact from the December capital raise, offset by an estimated Eu0.4/share positive impact from the acquisition, Eu0.4/ share from the rollover of DCF and Eu0.1/share peer multiples effect.

Key Figures & Ratios	2023A	2024E	2025E	2026E	2027E
Sales (Eu mn)	39	45	58	65	74
EBITDA Adj (Eu mn)	11	13	17	20	24
Net Profit Adj (Eu mn)	3	2	6	9	13
EPS New Adj (Eu)	0.254	0.175	0.373	0.571	0.830
EPS Old Adj (Eu)	0.237	0.330	0.465	0.712	1.040
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj		4.8	3.5	2.3	1.2
EV/EBIT Adj		11.5	6.7	3.6	1.6
P/E Adj	16.1	23.5	11.0	7.2	4.9
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	2.4	0.1	-0.3	-0.9	-1.4

MARE GROUP – Key Figures

Profit & Loss (Eu mn)	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**	**2027E**
Sales	35	39	45	58	65	74
EBITDA	9	10	11	17	20	24
EBIT	4	5	3	9	13	18
Financial Income (charges)	-0	-1	-1	-0	0	1
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	3	4	2	8	13	19
Taxes	0	-1	-1	-2	-4	-5
Tax rate	-10.1%	34.9%	28.0%	28.0%	28.0%	28.0%
Minorities & Discontinued Operations	-0	-0	0	0	0	0
Net Profit	4	2	2	6	9	13
EBITDA Adj	9	11	13	17	20	24
EBIT Adj	4	5	5	9	13	18
Net Profit Adj	4	3	2	6	9	13
Per Share Data (Eu)	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**	**2027E**
Total Shares Outstanding (mn) - Average	10	10	16	16	16	16
Total Shares Outstanding (mn) - Year End	10	10	15	16	16	16
EPS f.d	0.374	0.237	0.132	0.373	0.571	0.830
EPS Adj f.d	0.374	0.254	0.175	0.373	0.571	0.830
BVPS f.d	1.792	1.869	3.070	2.991	3.585	4.415
Dividend per Share ORD	0.022	0.000	0.000	0.000	0.000	0.000
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash Flow (Eu mn)	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**	**2027E**
Gross Cash Flow	8	10	12	18	21	25
Change in NWC	-7	-1	2	-5	-2	-1
Capital Expenditure	-9	-10	-8	-6	-3	-3
Other Cash Items	0	0	-1	-0	0	0
Free Cash Flow (FCF)	-8	-1	5	7	16	22
Acquisitions, Divestments & Other Items		0	0	0	0	0
Dividends	0	-1	0	0	0	0
Equity Financing/Buy-back	0	0	21	2	0	0
Change in Net Financial Position	-7	-2	26	9	16	22
Balance Sheet (Eu mn)	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**	**2027E**
Total Fixed Assets	25	29	30	28	24	21
Net Working Capital	19	21	19	24	26	27
Long term Liabilities	-3	-3	-4	-4	-5	-6
Net Capital Employed	41	47	45	48	45	42
Net Cash (Debt)	-21	-26	-2	5	17	34
Group Equity	18	19	41	49	58	72
Minorities	0	0	0	0	0	0
Net Equity	18	19	41	49	58	72
Enterprise Value (Eu mn)	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**	**2027E**
Average Mkt Cap			61	64	64	64
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-21	-26	-2	5	17	34
Enterprise Value			63	59	47	30
Ratios (%)	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**	**2027E**
EBITDA Adj Margin	37.1%	38.8%	34.5%	32.7%	33.7%	36.0%
EBIT Adj Margin	15.0%	19.6%	14.3%	17.1%	21.7%	26.8%
Gearing - Debt/Equity	116.3%	137.1%	4.5%	-9.8%	-29.9%	-47.8%
Interest Cover on EBIT	9.6	4.3	3.3	24.8	nm	nm
Net Debt/EBITDA Adj	2.2	2.4	0.1	-0.3	-0.9	-1.4
ROACE*	11.3%	10.9%	7.6%	19.0%	27.7%	41.6%
ROE*	23.6%	13.8%	7.8%	13.6%	17.3%	20.7%
EV/CE			1.4	1.3	1.0	0.7
EV/Sales			1.6	1.1	0.8	0.4
EV/EBITDA Adj			4.8	3.5	2.3	1.2
EV/EBIT Adj			11.5	6.7	3.6	1.6
Free Cash Flow Yield	-12.2%	-1.6%	8.7%	11.7%	26.2%	34.8%
Growth Rates (%)	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**	**2027E**
Sales	46.1%	11.7%	13.2%	29.4%	12.7%	14.2%
EBITDA Adj	37.1%	13.4%	24.6%	27.4%	18.1%	21.8%
EBIT Adj	18.5%	41.8%	1.9%	60.6%	45.9%	40.7%
Net Profit Adj	77.4%	-32.1%	-9.1%	163.4%	52.1%	45.3%
EPS Adj	77.4%	-32.1%	-31.3%	113.3%	53.3%	45.3%
DPS	nm	nm				

*Excluding extraordinary items Source: Intermonte SIM estimates

December 2024 capital raise

The transaction

In the evening of 18 December 2024, Mare Group announced the launch of a capital raise for a maximum of Eu15.469mn, in two divisible tranches, reserved for qualified investors. The capital raise was to be realised through an accelerated bookbuilding procedure (ABB), without option rights, with the minimum subscription price set at Eu4.50 per share, a 10% discount to that day's closing price.

- The first tranche, Eu12.375mn including premium, was to be executed through the issue of a maximum of 2,750,000 shares, to be subscribed by 31 December 2024.
- The second optional and incremental tranche of Eu3.094mn including premium, is to be executed, at the company's discretion, through the issue of a maximum of 687,500 shares at the same issue price as the previous tranche, by 30 June 2025.

On 1 March 2024 a Mare Group EGM granted the Board of Directors the right to execute a paid increase in the share capital, divisible in one or more tranches, within five years of the resolution, through the issue of a maximum of 6,624,000 ordinary shares. This option was partially exercised in May 2024 during the IPO, when 2,050,000 new shares were issued at Eu3.50 per share. The December 2024 ABB therefore represented a second partial execution of the mandate from the 1 March 2024 EGM.

On 20 December 2024 Mare Group announced the successful completion of the transaction, collecting Eu13.065mn of subscriptions and binding commitments for a further Eu2.403mn, for a total of Eu15.469mn, at Eu4.50 per share.

- The first tranche saw the subscription of 2,750,000 shares for Eu12.375mn.
- Subscriptions for the second tranche came to Eu0.690mn, or 153,433 shares, with an irrevocable residual subscription commitment of Eu2.403mn, corresponding to a further 534,067 shares, to be completed by 30 June 2025 (of which 100,000 shares already subscribed at the end of December).

Strategic objectives

Fully consistent with the company strategy outlined at its EGM listing, the transaction aims to strengthen the capital, providing funding for internal and external growth. The goal is to accelerate expansion and consolidate market presence, establishing Mare as a key operator in the Engineering sector, with particular focus on Aerospace & Defence and Digital Innovation.

- **Mare Group aims to become a leading Aerospace & Defence player**, specialising in the management of complex and mission-critical systems. To achieve this goal, it plans to acquire sector companies with similar turnover, while keeping its EBITDA margin above 20%. In addition, the growth strategy envisages the identification of operators that will allow the Group to increase the foreign share of turnover to 20-25%, while ensuring a low level of net financial debt. The strategic approach adopted aims to integrate advanced technologies to improve the reliability of electronic devices, strengthening competitiveness on the market and expanding the offer of innovative solutions. Mare Group intends to develop an integrated ecosystem of hardware and software products, combining expertise in digital transformation and advanced engineering. The Aerospace & Defence sector is rapidly adopting cutting-edge digital technology, including generative artificial intelligence (GenAI), and extended reality, which is already offering clear advantages. The use of these technologies can generate new business opportunities, improve operational efficiency and increase the company's competitiveness. The acquisition of Powerflex S.r.l., announced on 23 July 2024 and completed at the end of the year, is a perfect fit, as it is an Italian company that has been operating for almost thirty years in the Defence, Avionics, Aerospace, Naval and Railway sectors, and offers advanced engineering solutions for sensitive electronic equipment and earthquake protection, standing out for its high-quality mechanical and electronic processing. It has an area dedicated to tests and certifications and offers a wide range of consultancy services for environmental and mechanical qualification. Powerflex, which in 2023 achieved a turnover of c.Eu4.0mn, with an EBITDA margin of 9.6%, enriches Mare Group's offer, supplementing the design, testing and certification of mechatronic systems. This enrichment concerns both the strategic defence sector and the expansion of solutions already available in the aerospace and railway sectors. In addition, it helps to round out the engineering services dedicated to large companies.
- **In the Digital Innovation sector, Mare Group will evaluate the acquisition of highly specialised companies in applied engineering for the infrastructure, architecture and telecommunications sectors**, with advanced skills in digital transformation, automation and predictive analysis. The aim is to promote digitalisation through technologies capable not only of faithfully replicating infrastructure but also preserving and monitoring it and improving its sustainability. Modern infrastructure is highly complex, interconnected and interdependent. It is therefore no longer appropriate to consider physical and cyber security separately, with the latter encompassing networks, datacentres and IT

systems. It is essential to adopt integrated approaches that can jointly manage physical and cyber risks, assessing their mutual implications. In this context, developments such as Smart Roads in the transport sector, Digital Health and Telemedicine in healthcare, as well as advanced digitalisation in the banking and financial sector, are emblematic of the ongoing technological evolution. In Italy, construction and architectural heritage are also undergoing a digital transformation process that will play a key strategic part in achieving important environmental objectives, including decarbonisation. Companies operating in this area are generally smaller with an entirely domestic presence. Due to the nature of their business models, such companies tend to have little or no debt, except in cases of external growth transactions. Often structured to aggregate specialist expertise, they constantly distribute profit to operating partners. Mare Group will therefore focus its search on companies with strong operational independence and a size commensurate with its growth strategies.

On 9 January 2025 Mare Group announced that it had obtained Eu8mn of new funding, of which Eu5mn from CDP and Eu3mn from BPER, providing further support to its growth strategy. Both loans are underpinned by the SACE "Future Guarantee", have 5-year durations (including 9 months interest-only repayments) at affordable rates with constant quarterly principal repayments.

In less than a month, the group has therefore managed to bring in a total of Eu23.5mn of new finance, clear evidence of its commitment to growth objectives.

In addition, to ensure maximum financial flexibility for M&A, on 29 January 2025 the Board of Directors, in compliance with the 1 March 2024 EGM resolution, approved an increase in the buyback plan up to a maximum of 2,990,000 shares and for a maximum of Eu10mn. This will enable it to build up a bank of shares to be used for potential acquisitions or share-based incentive plans; if 2027 targets are achieved, such plans may lead to the award of up to 1,000,000 shares to management.

Acquisition of La SIA

Phase one: purchase of the majority stake (70.6%)

Mare Group recently announced its second acquisition since the IPO (the thirteenth acquisition since 2019) and its largest ever. The move is entirely in line with its strategic objectives and comes less than two months after the capital raise in December. The company has signed a binding agreement to purchase 70.6% of shares in La SIA (listed on the EGM) from companies controlled by La SIA's founding partners: CSE Holding S.r.l. (Maurizio Ciardi), Aspasia S.r.l. (Mario Rampini) and GLSR S.r.l. (Riccardo Sacconi). The consideration comprises 82.3% shares / 17.7% cash.

Upon selling 4,000,000 shares in La SIA (70.6% of capital) the founding members will receive:

- 2,560,000 Mare Group shares resulting from subscription for a reserved capital raise, at an exchange ratio of 0.64 Mare Group shares for each La SIA share tendered;
- Eu2.48mn in cash, or Eu0.62 for each La SIA share tendered.

The agreement also foresees:

- Maurizio Ciardi joining the Mare Group board with responsibility for the coordination and management of La SIA;
- stability commitments from the founding partners, with lockups of 36 months on Aspasia and GLSR and 24 months on CSE Holding

Execution of the acquisition is subject to fulfilment of the following standard conditions precedent:

- the Mare Group EGM authorising the board to carry out the reserved capital raise;
- confirmation, based on the appraisal report, that the value of the shareholding to be transferred is at least equal to the value of the capital raise reserved for the founding shareholders;
- Golden Power authorisation from the government or a declaration that the transaction does not require such authorisation;
- any required Antitrust clearance;
- no significant adverse events occurring between the signing of the agreement and the closing that may materially affect the value of the acquisition;
- fulfilment by La SIA of disclosure obligations and, if necessary, consent from lenders or counterparties pursuant to the relevant financing contracts and agreements.

We think phase one may take about two months to complete.

Phase two: offer on float (29.4%)

After closing, a public purchase and exchange offer (the first ever between EGM-listed firms) will be launched on the remaining 29.4% at the same conditions as those agreed with the founding partners. For each minimum lot of 500 La SIA shares, the following consideration will be offered:

- 320 Mare Group shares at an exchange ratio of 0.64 Mare Group shares for each La SIA share tendered and at a value per La SIA share of Eu2.76 based on the Mare Group closing price on 12 February (Eu4.32, the final price before announcement of the deal);
- Eu310 in cash, equating to Eu0.62 for each La SIA share tendered.

If the purchase and exchange offer on the remaining 29.4% of La SIA is entirely successful, it will have the following effects:

- the issuance of 1,066,560 Mare Group shares;
- a cash payment of Eu1.03mn.

Based on the Mare Group share price on 12 February, 100% of La SIA would be worth Eu19.2mn (Eu3.38 per share), of which Eu15.7mn in shares (3,626,560 shares) and Eu3.5mn in cash. The premium to the La SIA share price on 12 February (Eu2.90 per share) is approximately 17%.

We believe that phase two could be completed approximately four months after phase one**.**

La SIA

La SIA was founded in Rome in 2004 as an S.r.l. (private limited company), became an S.p.A. (joint stock company) in 2020, and listed on the EGM segment in August 2023. It is an engineering and architectural consultancy that specialises in designing critical infrastructure, including civil construction, telecommunications, and energy plants. It uses innovative technologies and advanced skills to offer cutting-edge solutions.

In addition to engineering and architectural design, La SIA provides highly specialised consultancy in areas such as project management, works management, safety, staff training and renegotiation of leases. It can offer complete design services, including structural, plant, and architectural aspects.

La SIA relies on multidisciplinary staff and solid collaborations with specialized suppliers (architects, construction engineers, structural engineers, and mechanical, electrical and telecommunication specialists), enabling it to offer a wide range of planning and consultancy services. Its approach combines principles of smart working, biophilia, bio-architecture, sustainability, energy efficiency, and safety. It is among the top one hundred engineering companies in Italy.

Headquartered in Rome, it has seven branch offices in Italy (Milan, Venice, Genoa, Prato, Cagliari, Catania and Salerno), giving it nationwide coverage. In addition, its Albanian subsidiary Seven Consulting operates out of Tirana.

La SIA has an unwavering focus on innovation, adopting new technologies and methodologies to stand out on the market. It was among the first Italian engineering and architectural firms to integrate BIM (Building Information Modelling) into its operating model. Through this technology it can take advantage of the opportunities offered by digitalisation in the construction sector, improving collaboration between professionals (engineers, technicians, contractors) and ensuring constant access to up-to-date information, reducing errors and design revisions.

Financial year 2023 ended with production value of Eu16.3mn and adj. EBITDA of Eu3.5mn, equating to a 21.3% margin. Based on preliminary 2024 data, production value decreased by 4% YoY to Eu15.6mn, affected by a significant reduction in Telco revenues and the establishment of a strong positioning in the civil sector.

The backlog at the end of December 2024 was Eu34.4mn, down 5% YoY, again due to the reduction in orders in the Telco business, partially offset by an increase in Utilities & Infrastructures, in line with the development strategy. However, there was clear progress in the hard backlog: as at the end of 2024, it reached Eu12.4mn from Eu9.6mn as at the end of 2023 (+29% YoY). The NFP as at end-2024 was positive at Eu4.0mn.

During 2024, La SIA diversified its business and expanded into new sectors, adding clients, including in new markets. In 2024, the production value of the Civil business line reached 47% from 22% in 2022, Utilities & Infrastructures rose to 15% from 1% in 2022, while Telco fell to 38% from 77% in 2022. In addition, concentration of the top client decreased to 24% in 2024 from 47% in 2023.

The strategic rationale of the transaction

In recent years, the market has seen a growing trend of generating value through acquisitions and strategic partnerships, focusing on complementary skills and technologies. This trend is particularly evident in engineering, technological consultancy and digital innovation, where bringing together different skills enables companies to offer more comprehensive and distinctive solutions.

Accenture's acquisition of IQT shows that major market players are focusing on strategic synergies to expand their capabilities, accelerate digital transformation and strengthen competitiveness.

Mare Group aims to lead the independent engineering sector in Italy and the acquisition of La SIA is perfectly integrated into its growth strategy as it strengthens the Group's position in high added-value sectors, expanding its services, skills and technological capabilities. Following the acquisition, Mare Group will rank sixth in the independent engineering sector in Italy: it has a staff of over 500 professionals and had aggregate production value in 2023 of c.Eu60mn including Powerflex.

Leading independent engineering companies in Italy

Company	VoP 2023 (Eu mn)
Rina Consulting	215.4
Proger	178.8
Italconsult	129.4
DBA Group	112.0
F&M	65.7
Mare Group[1]	**60.0**
Ideas	59.3
Agriconsulting	58.5
Italsolf	54.8
Sogesid	52.7

Source: Guamari ranking of top 200 Italian engineering companies – [1]Aggregate VoP 2023 of Mare Group, La SIA and Powerflex

The integration of the two firms is founded on the following strategic reasons.

Complementarity: synergy of skills and technologies. Mare Group will add La SIA's highly specialised skills in engineering design, design and consultancy on critical infrastructures, enriching its portfolio of services. Mare Group is a leader in mechatronic systems, La SIA in the design of critical infrastructures and smart cities, so their merger brings about a more complete and integrated offering. Thanks to the combination of technical and digital skills, La SIA expands Mare Group's range - from engineering design to construction and certification of complex systems - improving operational efficiency and promoting more efficient management of multidisciplinary projects. Due to the mandatory introduction of BIM in construction, Mare Group's XR Line technologies become an enabling factor at all stages of construction (training, safety, compliance checks, operating instructions, automatic support, remote supervision), meaning fewer errors, less waste and fewer accidents on construction sites. Strategically, the integration of the two companies creates an advanced engineering ecosystem, able to respond more effectively to the needs of a rapidly changing market.

Expansion into high-potential strategic sectors. The deal enables Mare Group to bolster its presence in key sectors, increasing opportunities for growth and diversification. La SIA specialises in the design of essential infrastructure (telecommunications, energy, transport), an area in which Mare Group will be able to have a greater impact. La SIA provides innovative solutions for sustainable urban design, expanding Mare Group's offering in smart cities and sustainable mobility. Mare Group already works in Defence, and La SIA's expertise in advanced design and infrastructure monitoring further strengthens this position.

Integration with La SIA enables the development of advanced systems for predictive maintenance and monitoring of critical infrastructure, increasing system resilience and efficiency. Mare Group's Sypla platform, which combines IoT and Artificial Intelligence, enables a new business model in construction with recurring revenues, introducing a complete platform for predictive maintenance that extends the billing cycle to the entire life of the building or infrastructure, with benefits for all stakeholders. Strategically, the acquisition therefore opens up new business opportunities, enabling Mare Group to reinforce its position as a go-to player in advanced technological infrastructure.

Innovation and integration: digitalisation and advanced solutions. The deal fosters the development of integrated digital solutions, improving the response to market needs. The combination of engineering and technology makes it possible to integrate advanced artificial intelligence, IoT and digital twin tools for infrastructure management. Moreover, thanks to the integration of BIM design and intelligent monitoring technology, Mare Group will be able to offer more efficient and predictive solutions, and through the adoption of innovative technologies it will be able to improve the environmental impact of infrastructure, promoting a green and sustainable approach. Strategically, the integration with La SIA therefore accelerates the digital transformation of Mare Group, enabling the development of intelligent and interconnected engineering solutions.

Strengthening research and development as an enabling activity. The deal bolsters Mare Group's ability to invest in R&D, which is key for sustainable growth. The synergy between the two firms enables development of innovative solutions in smart building, sustainable mobility and defence, and promotes access to new strategic partnerships with academic institutions and technological laboratories, allowing expansion of the patent portfolio and increasing the company's value over the long term. Strategically, Mare Group therefore strengthens its position as an innovative and research-oriented company, increasing its competitiveness in global markets.

Evolution of the business model: towards an integrated services offering. The acquisition allows Mare Group to develop its business model, moving from an offering focused on individual services to a more complete and integrated approach. Mare Group will be able to position itself as an engineering innovation hub, able to offer turnkey solutions for public and private clients. Integration with La SIA will enable access to business models based on continuous monitoring, maintenance and consultancy services, ensuring more stable revenue streams. Strategically, Mare Group is therefore developing a more scalable, resilient and higher added-value business model, enhancing its appeal to clients and investors.

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Preliminary 2024 Results

On the morning of **Friday, 28 February**, Mare Group released its **preliminary 2024 results**, which fall **within the guidance range** communicated on 7 November 2024, though **slightly below our estimates**.

- **Production Value: Eu44.6mn, +13.1% YoY** (Eu39.4mn in 2023), entirely organic, close to the upper end of the guidance range (Eu42-45mn) and **1% below our estimate** of Eu45.0mn.
- **Adj. EBITDA: Eu13.2mn, +24.5% YoY** (Eu10.6mn in 2023), mid-range within guidance (Eu12.5-14mn) and 6% below our estimate of Eu14.0mn. The adj. EBITDA margin stands at 29.6%, 150bps lower than our 31.1% estimate. Adjustments include extraordinary charges of approximately Eu3mn and extraordinary income of Eu1mn.
- **Adj. NFP: Eu1.3mn net debt, compared to Eu24.7mn at the end of 2023.** This is not comparable to the guidance range of Eu14-17mn or our estimate of Eu14.0mn, as both did not factor in the December 2024 capital increase. Adjusting for the Eu13.5mn raised in the capital increase (excluding the remaining Eu2.0mn to be raised in 1H25), the pre-recapitalisation adj. net debt stands at Eu14.8mn, which is within the guidance range and broadly in line with our estimates, accounting for ABB-related costs. Adjustments to NFP also reflect the impact of treasury shares, amounting to Eu0.52mn (132,753 shares).

While 2024 profitability was slightly below our expectations, **we do not revise our estimates for future years at this stage**. This is primarily because: (i) our 2025 projections already assume an EBITDA margin of 29.2%, which is 40bps lower than in 2024, embedding a prudent approach; (ii) we prefer to wait for the 2025 guidance announcement on 28 March before making any adjustments to our forecasts for the coming years.

Valuation

We update our valuation of Mare Group stock to account for the changes that occurred following our initiation of coverage on 12 December 2024. The dilutive effect of the capital increase is offset by the positive impacts from the La SIA acquisition, the DCF rollover, and sector multiples. Therefore, **we confirm our target price of Eu8.0 and maintain our BUY recommendation on the stock.**

The factors that impact the valuation are as follows:

- **The capital raise in December 2024**. Our target price of Eu8.0 p.s. was calculated on 12,765,500 fully diluted shares in total, equating to an equity value of Eu102.5mn, and incorporated a 20% liquidity discount, so the fair value before this discount was Eu128.1mn. The December 2024 capital raise resulted in the issuance (including the tranche to be completed by June 2025) of 3,437,500 new shares at a unit price of Eu4.50, raising Eu15.5mn in total. Adding the funds raised to the previous fair value and applying the 20% liquidity discount yields a new equity value of Eu114.9mn: dividing this figure by the new total fully diluted shares (16,203,000) would give a new valuation of Eu7.1 per share, equating to a **dilutive effect of c.12%.**
- **The acquisition of La SIA**. The company has not provided quantitative indications on the possible synergies that may arise from the integration of La SIA, so to estimate the impact on the valuation, our assumptions necessarily contain some approximations. For 2024, La SIA reported production value of Eu15.6mn, down 4% on 2023, when EBITDA was Eu3.5mn with a 21.3% margin. The value of the acquisition at market prices at the time of the announcement was Eu19.2mn in terms of equity and Eu15.2mn in terms of EV, equating to EV/Sales 2024 of 1.0x, which compares to 1.8x estimated for Mare Group. La SIA's production value is c.30% that of Mare Group pre-acquisition, while its EBITDA should be c.20% of Mare Group's due to tighter margins. Assuming that, thanks to synergies, La SIA margins can improve to come into line with the Group average, we can attribute La SIA an EV equal to 30% of the figure calculated for Mare Group, i.e. Eu42.6mn, which, net of the 20% liquidity discount, becomes Eu34.1mn. Adding this value to the equity value of Mare Group after the December capital raise yields a new valuation of Eu149.0mn. The impact of the transaction on the NFP of Mare Group is considered marginal, as the cash outlay of Eu3.5mn in the event of the acquisition of 100% of La SIA capital should be more than offset by the net financial assets of La SIA, which amounted to Eu4.0mn as at the end of 2024. Considering the issuance of 3,626,560 shares for La SIA shareholders, we arrive at a total of 19,828,560 fully diluted shares, equating to a new valuation of Eu7.5 per share, with an **accretive impact of about 6%.**
- **The rollover of the DCF model**. In the initiation of coverage report, our DCF model discounted back all cash flows to 2024; as we are now in 2025, this is the new base year for cash-flow discounting. This rollover has an impact on the DCF-based valuation of c.10%, and bearing in mind that the final valuation was 50% based on the DCF, we may estimate a **positive impact of about 5%** on the target price, or Eu0.4/share.
- **Sector multiples.** Peer multiples have, on average, improved by over 2% since 12 December. Given that the final valuation was 50% based on sector multiples, we estimate a **positive impact of approximately 1%** on the target price, equivalent to Eu0.1/share.

Mare Group – Valuation update

	Eu per share
Previous target price	8.0
Dilution impact from the December capital increase	(0.9)
Value accretion from La SIA acquisition	0.4
DCF rollover impact	0.4
Peer multiples impact	0.1
New target price	**8.0**

Source: Websim Corporate estimates

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	**MARE GROUP**		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	8.00	Previous Target (Eu):	8.00
Current Price (Eu):	4.10	Previous Price (Eu):	4.95
Date of report:	03/03/2025	Date of last report:	12/12/2024

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

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A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and – 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between –10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 31 December 2024 Intermonte's Research Department covered 132 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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