WEBUILD

OUTPERFORM

Sector: Industrials

Price: Eu3.53 - **Target: Eu4.00**

Targeting investment grade in 2H25. TP raised to Eu4.0

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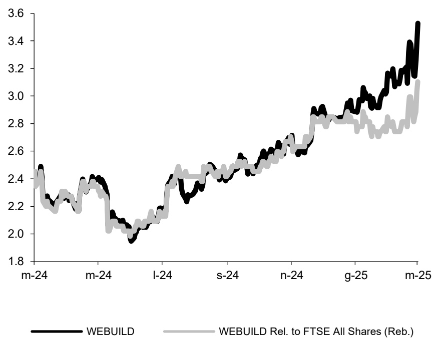
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 3.30 to 4.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	2.3%	-2.5%	

WEBUILD - 12M Performance



Stock Data			
Reuters code:			WBD.MI
Bloomberg code:			WBD IM
Performance	**1M**	**3M**	**12M**
Absolute	11.9%	20.6%	43.8%
Relative	10.2%	10.3%	29.9%
12M (H/L)			3.53/1.95
3M Average Volume (th):			1,669.30

Shareholder Data	
No. of Ord shares (mn):	1,019
Total no. of shares (mn):	1,019
Mkt Cap Ord (Eu mn):	3,596
Total Mkt Cap (Eu mn):	3,618
Mkt Float - Ord (Eu mn):	1,145
Mkt Float (in %):	31.9%
Main Shareholder:	
Salini Costruttori S.p.A.	40.4%

Balance Sheet Data	
Book Value (Eu mn):	1,926
BVPS (Eu):	1.89
P/BV:	1.9
Net Financial Position (Eu mn):	1,094
Enterprise Value (Eu mn):	2,501

- **FY24 results above estimates. Net cash position maintained at Eu1.4bn.** FY24 results came above Webuild guidance (which was conservative) and 3% above our estimates for both revenues and EBITDA (consensus was in line with our estimates). Net cash as at end-2024 was Eu1.44bn, well above our estimates (Eu661mn) and guidance (>Eu400mn), reflecting working capital movements and timing of downpayments vs. execution of works, with gross debt at Eu2.76bn vs. Eu2.61bn in FY23 (2.9x gross debt/EBITDA vs. 3.2x in FY23) driven by higher CapEx. In detail: FY24 orders were Eu13bn, with backlog reaching Eu63bn covering 5 years of revenues. We note >95% of the 2024 intake refers to low-risk countries, with 80% in non-domestic markets. Adj. revenues grew 20% YoY to Eu12bn and were 3% better than expected (Eu11.6bn). Adj. EBITDA of Eu967mn (+18% YoY) was 3% above our estimate (Eu937mn) with profitability at 8.1% (in line) vs. 8.2% in FY23. Adj. EBIT of Eu577mn was up 21% YoY, with adjusted net profit (Eu53mn post tax PPA from Astaldi and Clough) at Eu247mn vs. Eu236mn in FY23 and Eu266mn expected. Proposed DPS (ex-date 20 May 2025) is Eu0.081 (+14% vs. FY23).
- **Messina bridge contract likely before April, investment grade targeted after 1H25 reporting, CapEx to normalize beyond 2026**. Main feedback from the call: 1) management expect the formal award of the Messina bridge contract by April, after the greenlight from CIPESS. The contract should be worth Eu12bn with completion expected in 2032 (8 years). A down-payment of up to 20% will be paid to Webuild based on the contract split over the years. The project is not included in WBD's guidance; 2) management said they will not push top-line growth in 2025 (guidance, although conservative, points to slight growth of sales), as they are focused on achieving investment grade rating, which might be obtained after 1H25 reporting; 3) commercial outlook supportive: expansion in Australia through Clough in transmission lines and energy, high-speed contracts still to be awarded in Italy, growth in the US where the breakeven at Lane is targeted for this year, significant demand in Middle East where the company has presence and track-record, opportunities from Ukraine reconstruction; 4) CapEx was guided at Eu1.3bn in 2025 after 2023/24 aggregate at Eu1.5bn was Eu400mn above initial budget (which explains the increase in gross debt). Investments should normalize beyond 2026.
- **FY24-25 guidance and estimates change.** Current year guidance is revenues >12.5bn, EBITDA >Eu1.1bn (our estimate pre-release was Eu1.06bn), and net cash >Eu700mn. We have raised 2025-27 sales by +1%, EBITDA by 5%, with minor changes at EPS due to higher D&A. We think guidance remains conservative
- **OUTPERFORM; TP raised to Eu4.0 (from Eu3.3).** The group has delivered on its balance sheet de-risking strategy by focusing on low-risk regions and by adding scale. Strong order intake is being used to upgrade the asset base (fleet of over 60 TBM is not easily matched by others), which will enable greater selectivity and provide a solid base for growth in coming years. TP from Eu3.3 to 4.0, rolling the target multiple of 6.0x EV/EBIT ex cash to avg. 2025/26 estimates.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	9,994	11,958	12,914	13,986	14,867
EBITDA Adj (Eu mn)	819	967	1,124	1,217	1,308
Net Profit Adj (Eu mn)	236	247	339	392	431
EPS New Adj (Eu)	0.237	0.248	0.332	0.385	0.423
EPS Old Adj (Eu)	0.237	0.267	0.325	0.395	
DPS (Eu)	0.071	0.081	0.081	0.081	0.081
EV/EBITDA Adj	0.5	0.9	2.2	2.0	1.7
EV/EBIT Adj	0.8	1.6	3.7	3.3	2.7
P/E Adj	14.9	14.2	10.6	9.2	8.3
Div. Yield	2.0%	2.3%	2.3%	2.3%	2.3%
Net Debt/EBITDA Adj	-1.8	-1.5	-1.0	-0.9	-1.0

Intermonte

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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.

Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

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:	30.60 %
OUTPERFORM:	43.28 %
NEUTRAL:	26.12 %
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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