

EQUITY RESEARCH

BREAKING NEWS

March 12, 2026

Franchetti

Euronext Growth Milan | Infrastructure Maintenance | Italy

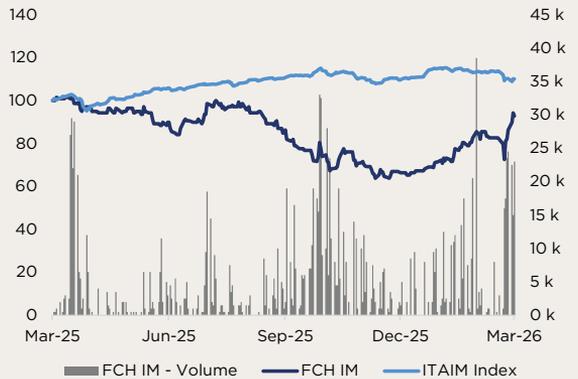
Binding agreement for 55.0% of ECR Group

<p>Rating</p> <p>BUY</p> <p>unchanged</p>	<p>Target Price</p> <p>€ 9,40</p> <p>unchanged</p>
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Key Multiples	FY24A	FY25E	FY26E	FY27E
EV/Sales	10,9x	7,1x	6,1x	5,1x
EV/EBITDA	17,9x	16,2x	12,8x	10,5x
EV/EBIT	26,7x	28,3x	20,6x	16,4x
P/E	41,0x	47,5x	32,5x	25,2x

Key Financials (€/mln)	FY24A	FY25E	FY26E	FY27E
VoP	8,99	12,00	15,00	18,00
EBITDA	3,40	3,75	4,75	5,80
EBIT	2,27	2,15	2,95	3,70
Net Income	1,51	1,30	1,90	2,45
Net Financial Position	(1,06)	(4,21)	(4,45)	(4,82)
EBITDA margin	37,8%	31,3%	31,7%	32,2%
EBIT margin	25,3%	17,9%	19,7%	20,6%
Net income margin	16,8%	10,8%	12,7%	13,6%

Stocks performance relative to FTSE Italia Growth



Stock Data

Risk	Medium
Price	€ 6,55
Target price	€ 9,40
Upside/(Downside) potential	43,5%
Ticker - Bloomberg Code	FCH IM
Market Cap (€/mln)	€ 61,80
EV (€/mln)	€ 60,74
Free Float (% on ordinary shares)	26,3%
Shares Outstanding	9.435.721
52-week high	€ 7,35
52-week low	€ 4,38
Average Daily Volumes (3 months)	6.817

Breaking News

Binding agreement for 55.0% of ECR Group

In a press release dated 4 March 2026, the Franchetti Group, which operates in advanced diagnostics, digital monitoring and predictive maintenance of infrastructure, announced the signing of a binding agreement for the acquisition of 55.0% of ECR Engenharia Ltda and ECR Tecnologia e Engenharia Ltda, Brazilian companies operating in engineering services for transport infrastructure and complex civil works.

The transaction, which will be completed in the first half of 2026 through a newly established Franchetti subsidiary incorporated under Brazilian law, represents a particularly significant strategic step in the Company's international growth path and is fully in line with the development model outlined in recent years, which combines organic growth and targeted M&A operations with the aim of expanding specialised engineering expertise and integrating proprietary software solutions (including Argan®, Pathwork© and SIDECHECK©) used to analyse the condition of existing infrastructure and plan predictive maintenance interventions.

The ECR Group, based in São Paulo and active since 1972, operates in the design, technical consulting, supervision and management of complex infrastructure projects, with expertise ranging from road and rail infrastructure to urban mobility, water infrastructure, bridges, viaducts, tunnels and complex civil buildings. The Group has a well-established presence in both the public and private sectors and has an organisational structure capable of managing complex infrastructure programmes of high strategic value, including projects in the water sector and with operators and utilities. Based on preliminary aggregate data as at 31 December 2025, the ECR Group recorded a production value of €10.40 million, EBITDA of €2.50 million and NFP of €0.30 million cash positive, with total assets of €7.50 million. These indicators highlight an already solid and profitable operating structure, characterised by significant margins and a balanced financial position.

The consideration for the acquisition of 55.0% of the share capital of the two ECR Group companies totals €7.50 million, to be paid upon closing, expected to take place within the first half of 2026. There is also an earn-out mechanism of up to €3.20 million, subject to the achievement of specific EBITDA targets in the periods following the completion of the transaction. The sellers are the three founding partners of ECR, Fabio Giannini, Roberto Soares de Novaes Filho and Luiz Fernando Leite de Carvalho, of whom the first two will retain a combined stake of 45.0% and will continue to hold key positions in the management and administrative bodies of the Company, thus ensuring operational continuity and the transfer of the know-how gained over more than fifty years of activity.

As part of the transaction, a shareholders' agreement was also signed in line with market practice, which provides, among other things, for lock-up commitments on the part of the founders, reciprocal put and call options on the remaining stake and a commitment by the founding shareholders to hold managerial positions for a minimum period of four years, except in the event of a leaver. Representations and warranties with indemnification obligations and non-competition and non-solicitation clauses were also provided for.

The acquisition will be financed through a mix of own resources and financing, maintaining a balance consistent with the Group's capital structure. In particular, Franchetti has signed an investment agreement with Simest SpA, which may contribute up to a maximum of 49.0% of the consideration through the Brazilian company controlled by Franchetti set up for the transaction. The intervention is part of an ESG-linked initiative, linked to sustainable development and international growth objectives, with particular reference to local staff training programmes and the strengthening of cybersecurity activities.

The integration with the ECR Group allows Franchetti to strengthen its presence in one of the most important infrastructure markets at an international level. Brazil has a road network of over 1.7 million kilometres and an infrastructure development system based on concessions and public-private partnerships, with federal and state investment programmes in the transport and water infrastructure sectors involving total commitments of over €150.00 billion in the medium to long term.

Furthermore, from an industrial point of view, the integration between the two companies appears to be highly complementary. On the one hand, ECR brings solid executive capabilities and strong institutional roots in the Brazilian market, with proven expertise in managing complex public programmes and implementing large-scale infrastructure projects. On the other hand, Franchetti will contribute its proprietary technologies and advanced digital systems dedicated to infrastructure lifecycle management, integrating data analysis tools and predictive platforms into industrial processes.

The combination of local operational capabilities and advanced technological expertise will increase the technical content of the services offered, expanding the market and strengthening the Group's competitiveness. The stated objective is to develop an industrial model that can be replicated in other geographical contexts characterised by mature infrastructure systems and growing demand for technological solutions for the management of existing assets.

Commenting on the transaction, Paolo Franchetti, Chairman and Chief Executive Officer of the Franchetti Group, said: *"With this transaction, we are embarking on a new phase in the Group's growth. After consolidating our technological base, we are now significantly expanding our operational size and geographical presence. The integration of our executive capabilities in the public sector and proprietary digital skills applied to the management of existing infrastructure structurally strengthens our competitive positioning. The transaction is the first concrete step in a progressive and disciplined international development process."*

The transaction is part of a phase of expansion already evident in the preliminary figures as at 31 December 2025, which indicate a stand-alone production value of €12.50 million for Franchetti (compared to the estimate of €12.00 million in our last update) and EBITDA of €3.50 million. In this context of volume growth and progressive strengthening of the operational base, the acquisition of the ECR Group represents a further step in the Group's growth path, destined to significantly expand the scale of its activities and international presence.

Following the closing, the total volume of assets will effectively double starting from the current financial year, with a significant expansion of the customer base and the portfolio of infrastructure assets under management. The new scope will also be able to count on an aggregate backlog of approximately €90.00 million, which ensures high visibility on the evolution of activities in the coming years, and on a strengthened

organisational structure composed of over 400 highly qualified professionals, which will contribute to further consolidating the Group's technical and operational capacity in the management of complex infrastructure projects on an international scale.

Overall, the acquisition of the ECR Group appears to be perfectly consistent with the development model outlined by management and already highlighted in previous company updates, which envisages a balanced combination of organic growth and extraordinary transactions aimed at integrating complementary skills and strengthening the Group's international presence. The transaction will enable the Franchetti Group to significantly expand its operational scale, strengthening its presence in a strategic infrastructure market and creating the conditions for further development opportunities in the medium term.

In light of the information currently available and pending further details on the recently acquired Group, as well as the opportunity to analyse Franchetti SpA's final results and gain greater visibility on the synergies expected from the integration of the two companies, we will update our estimates in the coming weeks. Therefore, **we temporarily confirm our recommendation: target price €9.40, BUY rating, Medium risk.**

Economics & Financials

TABLE 1 - ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenues	6,15	5,58	8,50	10,00	12,00
Work in progress	0,79	3,29	3,50	5,00	6,00
<i>Other revenues</i>	0,08	0,11	0,00	0,00	0,00
Value of Production	7,02	8,99	12,00	15,00	18,00
COGS	0,14	0,12	0,15	0,20	0,25
Services	2,92	3,47	5,30	6,60	7,90
Use of asset owned by others	0,28	0,38	0,50	0,60	0,70
Employees	0,96	1,38	2,00	2,50	2,95
Other operating costs	0,18	0,24	0,30	0,35	0,40
EBITDA	2,54	3,40	3,75	4,75	5,80
<i>EBITDA Margin</i>	<i>36,1%</i>	<i>37,8%</i>	<i>31,3%</i>	<i>31,7%</i>	<i>32,2%</i>
D&A	0,51	1,12	1,60	1,80	2,10
EBIT	2,03	2,27	2,15	2,95	3,70
<i>EBIT Margin</i>	<i>28,9%</i>	<i>25,3%</i>	<i>17,9%</i>	<i>19,7%</i>	<i>20,6%</i>
Financial management	(0,16)	(0,37)	(0,35)	(0,35)	(0,35)
EBT	1,87	1,91	1,80	2,60	3,35
Taxes	0,63	0,40	0,50	0,70	0,90
Net Income	1,24	1,51	1,30	1,90	2,45
CONSOLIDATED BALANCE SHEET (€/mln)	FY23A	FY24A	FY25E	FY26E	FY27E
Fixed Assets	2,36	6,49	8,50	10,00	11,00
Account receivable	5,77	7,51	11,80	13,00	15,50
Inventories	0,92	4,17	4,20	4,80	5,40
Account payable	1,34	1,94	3,80	4,70	5,30
Operating Working Capital	5,35	9,74	12,20	13,10	15,60
Other receivable	1,19	1,07	1,70	2,00	2,20
Other payable	1,87	3,40	4,50	5,80	7,80
Net Working Capital	4,67	7,41	9,40	9,30	10,00
Severance & other provisions	0,06	0,16	0,15	0,15	0,15
NET INVESTED CAPITAL	6,97	13,75	17,75	19,15	20,85
Share capital	0,36	0,43	0,74	0,74	0,74
Reserves	4,95	12,87	19,92	20,96	22,48
Net Income	1,24	1,51	1,30	1,90	2,45
Equity	6,55	14,81	21,96	23,60	25,67
Cash & cash equivalents	2,60	6,16	9,11	9,15	9,32
Short term financial debt	2,79	5,00	4,80	4,60	4,40
M/L term financial debt	0,23	0,10	0,10	0,10	0,10
Net Financial Position	0,42	(1,06)	(4,21)	(4,45)	(4,82)
SOURCES	6,97	13,75	17,75	19,15	20,85

CONSOLIDATED CASH FLOW (€/mln)	FY24A	FY25E	FY26E	FY27E
EBIT	2,27	2,15	2,95	3,70
Taxes	0,40	0,50	0,70	0,90
NOPAT	1,87	1,65	2,25	2,80
D&A	1,12	1,60	1,80	2,10
Change in NWC	(2,74)	(1,99)	0,10	(0,70)
Change in receivable	(1,74)	(4,29)	(1,20)	(2,50)
Change in inventories	(3,25)	(0,03)	(0,60)	(0,60)
Change in payable	0,60	1,86	0,90	0,60
Change in others	1,65	0,47	1,00	1,80
Change in provisions	0,10	(0,01)	0,00	0,00
OPERATING CASH FLOW	0,35	1,25	4,15	4,20
Capex	(5,25)	(3,61)	(3,30)	(3,10)
FREE CASH FLOW	(4,90)	(2,35)	0,85	1,10
Financial Management	(0,37)	(0,35)	(0,35)	(0,35)
Change in Financial debt	2,08	(0,20)	(0,20)	(0,20)
Change in equity	6,75	5,85	(0,26)	(0,38)
FREE CASH FLOW TO EQUITY	3,56	2,94	0,04	0,17

Source: Franchetti Historical Data and Integrae SIM estimates

Data as of last Equity Research document (Update) of 27/10/2025.

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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Upside Potential (for different risk categories)

Rating	Low Risk	Medium Risk	High Risk
BUY	Upside >= 7.5%	Upside >= 10%	Upside >= 15%
HOLD	-5% < Upside < 7.5%	-5% < Upside < 10%	0% < Upside < 15%
SELL	Upside <= -5%	Upside <= -5%	Upside <= 0%
U.R.	Under Review		
N.R.	Not Rated		

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- In the IPO phase, Integrae SIM played the role of global coordinator.

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