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Global Markets Division

EU Infrastructure

**Investment Gaps, Bottlenecks & Ceasefire
Tailwinds**

Recommendation: BUY

Investment Horizon: 2 Years

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Team Overview

Global Markets



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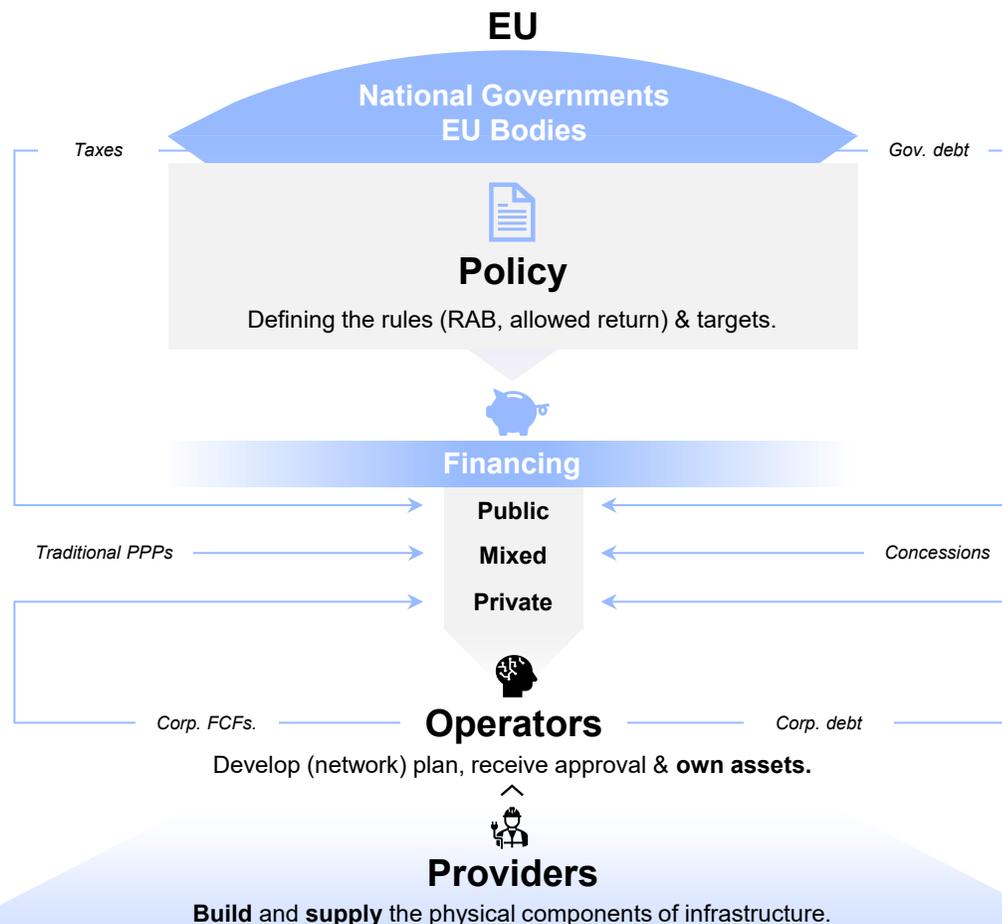


Sector Overview

Infrastructure Landscape

The Backbone of the Next Cycle

Infrastructure Definition & Breakdown



Global Positioning

Major Trends

Data centres & energy transition created a **new demand shock**.

Policy Enablers

Regulatory frameworks and public stimulus **encourage deployment**.

Portfolio Rebalancing

Increasing private capital inflows for yields and stability.

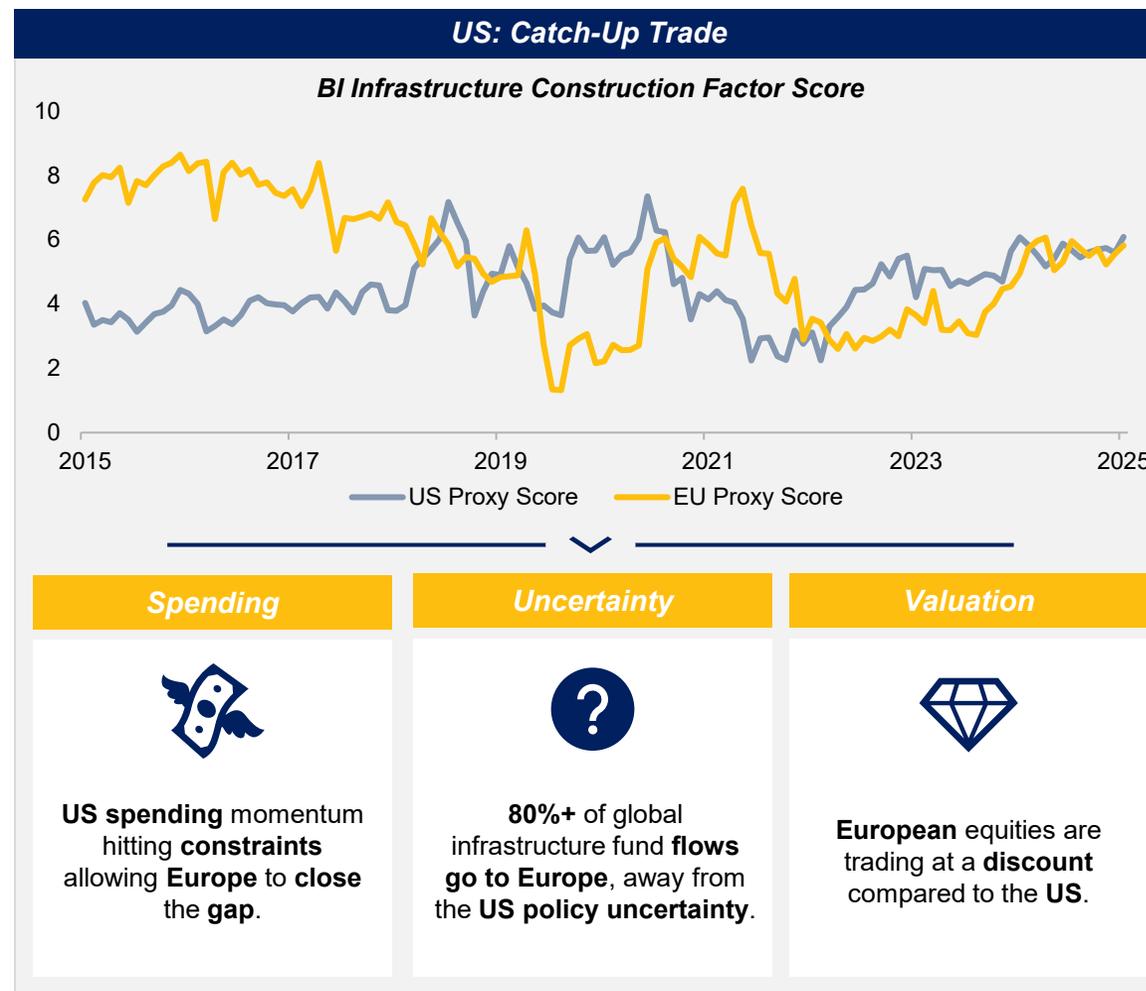
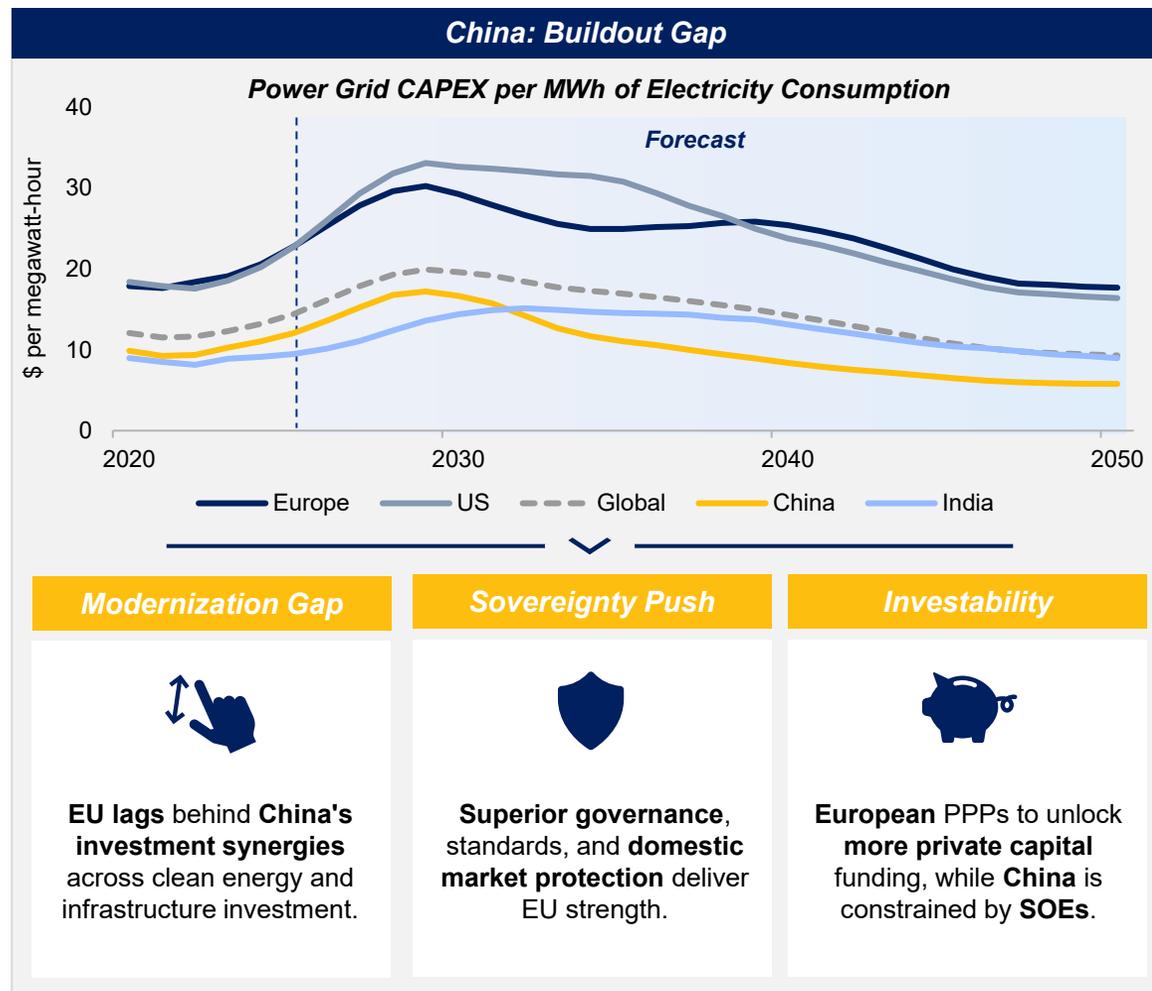
Private infrastructure assets delivered **11.5%** rolling 1Y returns.

Valuation Discount



Demand and energy transition mandates are creating a unique investment upcycle characterized by stable, inflation-linked returns and significant valuation upside.

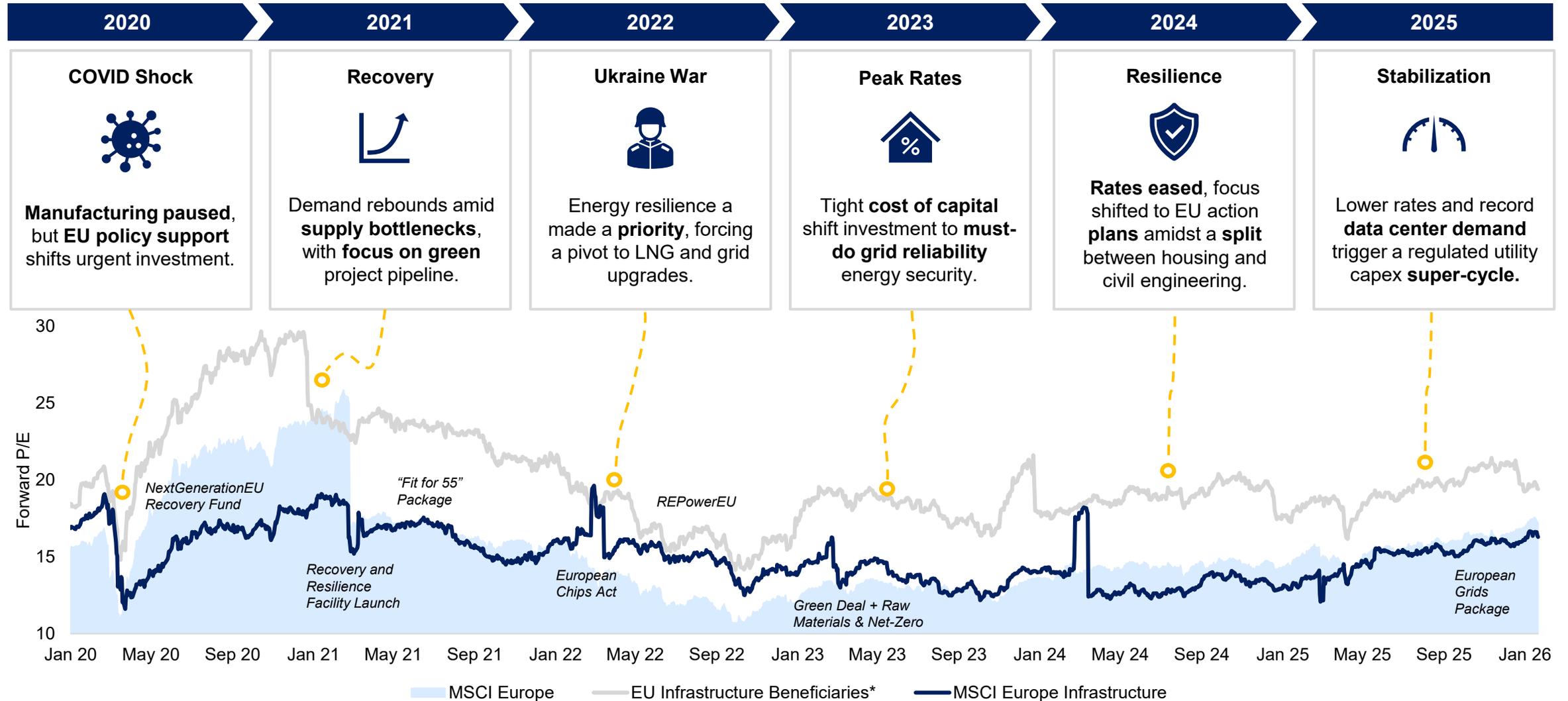
Europe's Relative Strength



The EU Infrastructure landscape offers a unique positioning with respect to the political and economic environment, with a large runway to go.

Historical Valuations of EU Infrastructure

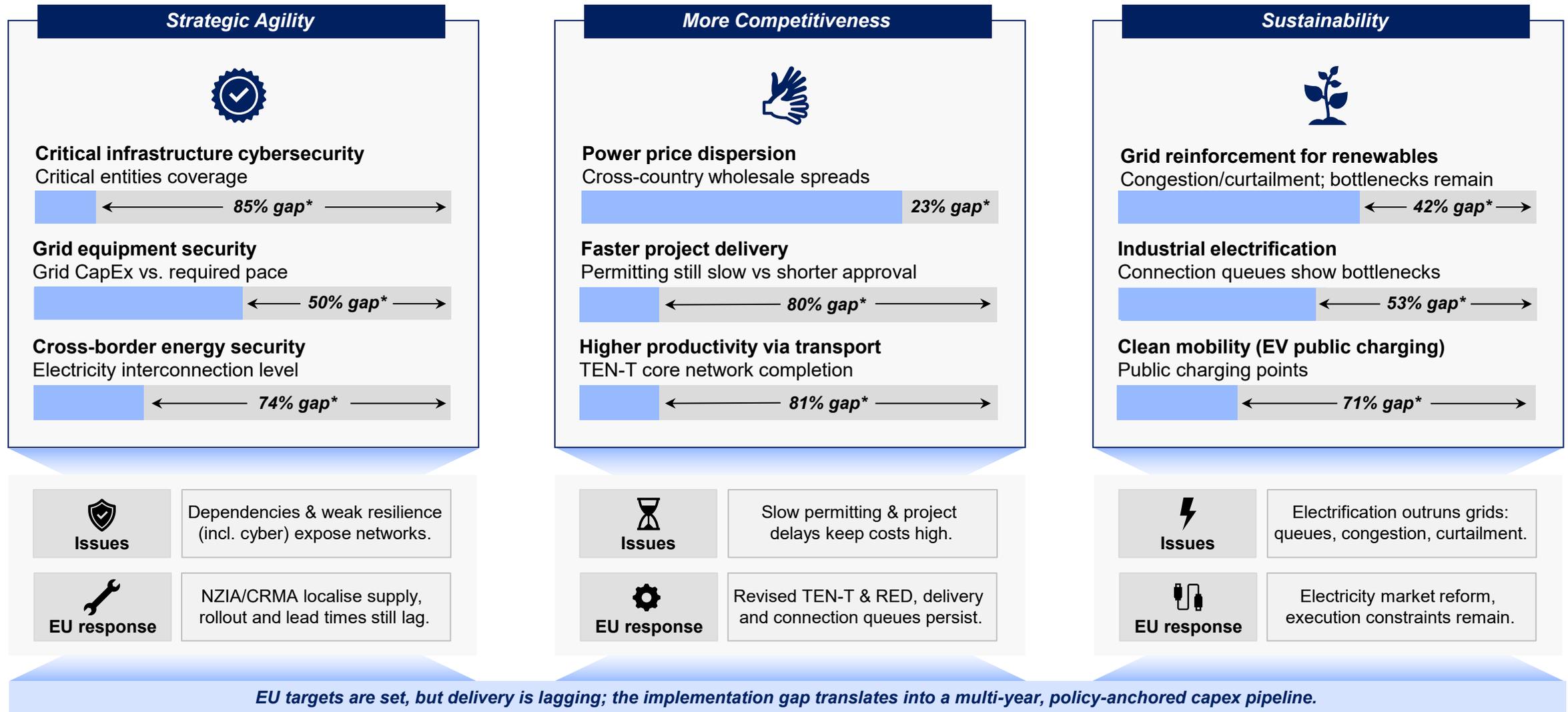
Main Drivers





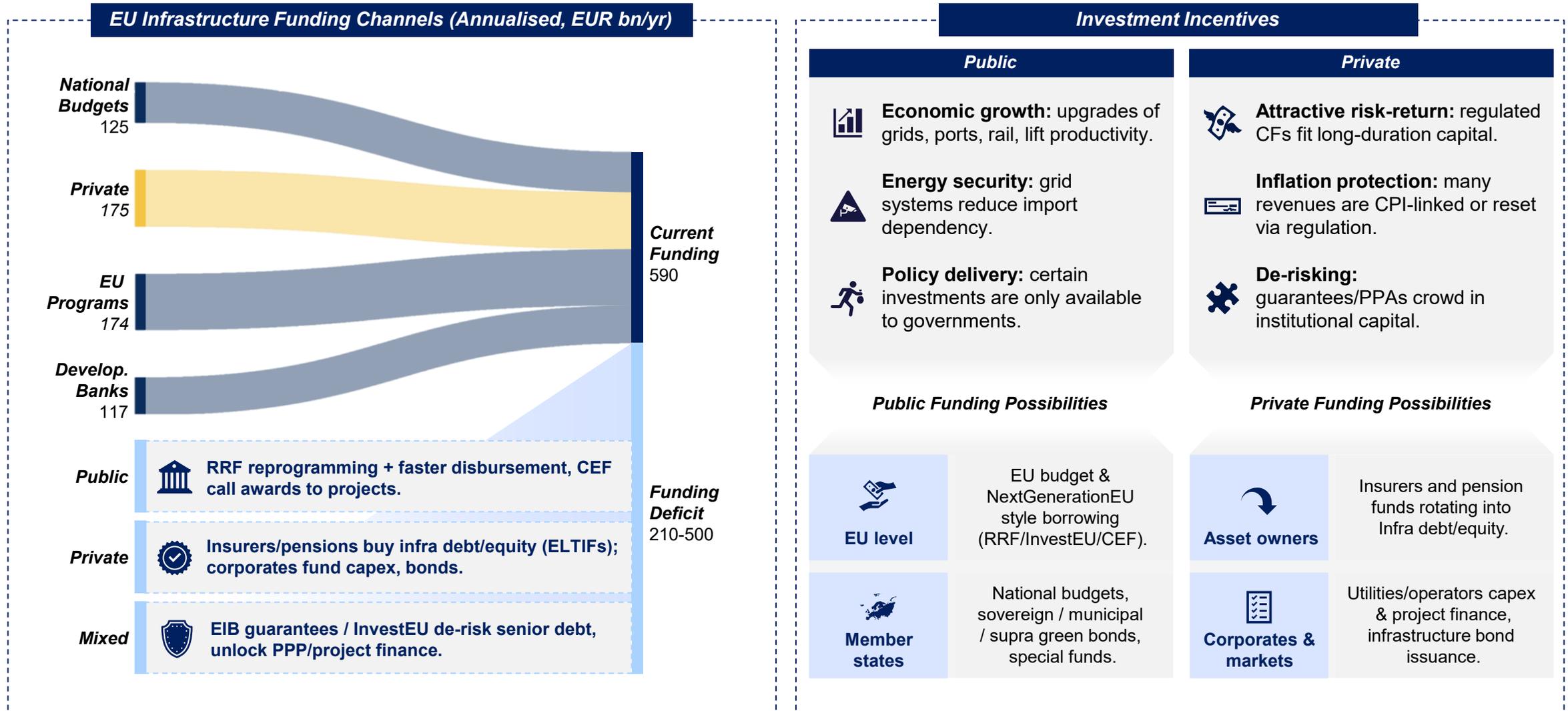
Macroeconomic Environment

Ambitious 2030 Targets Creating Implementation Gaps

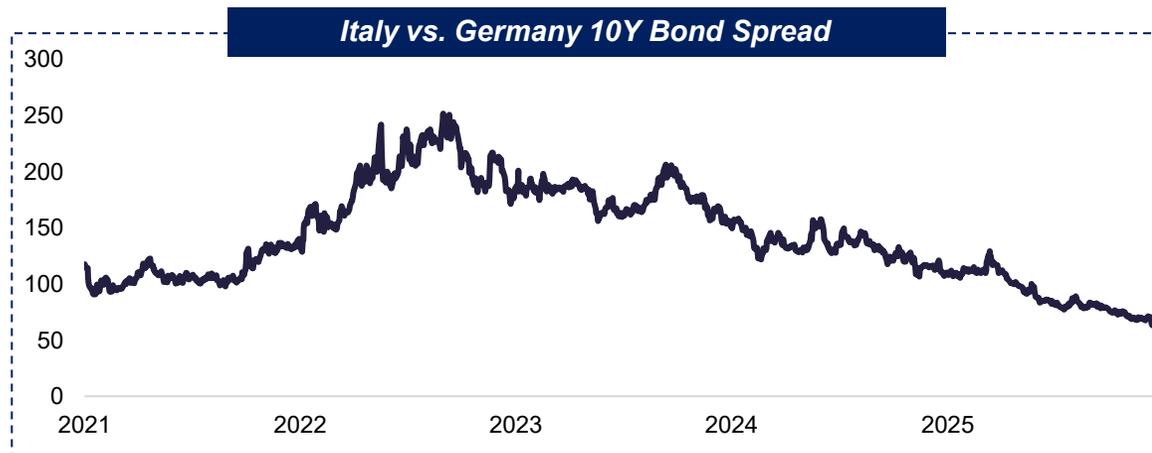
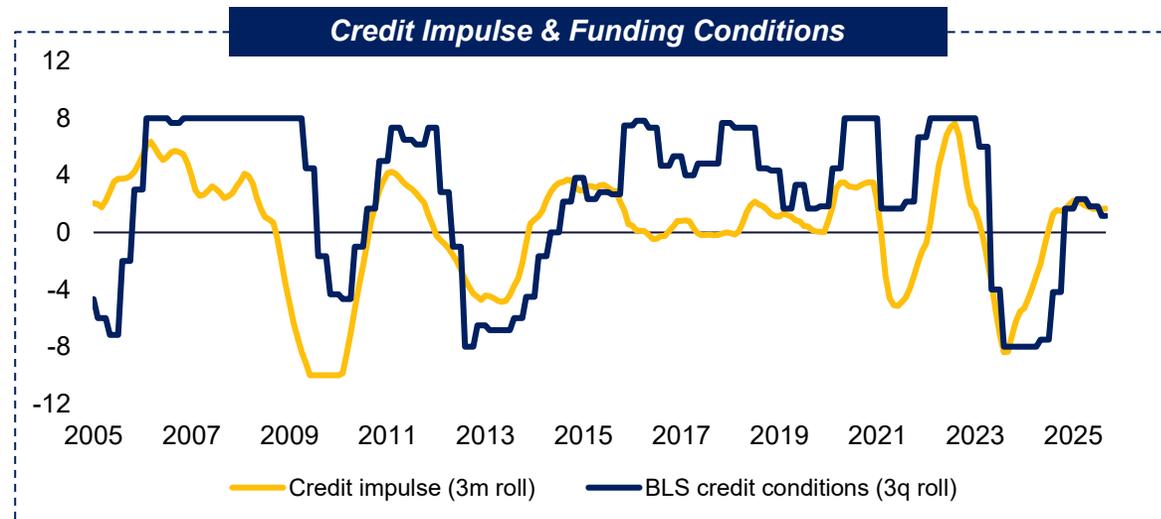
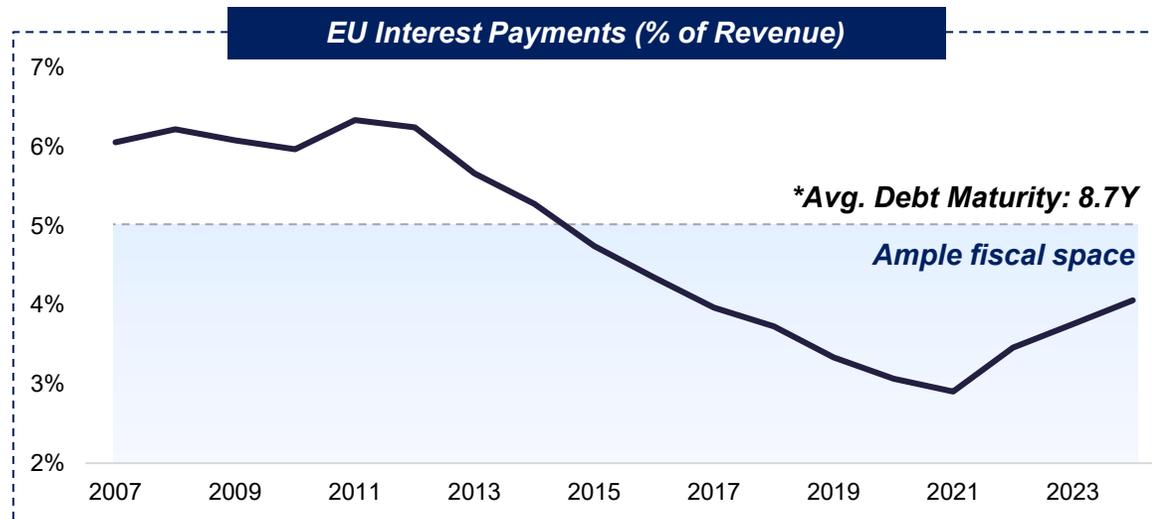


EU Infrastructure Financing

From Budgets to Markets, Financing EU Infrastructure



Macro Stability Supports Funding, Corporates Drive Capacity Investment



EU Public & Corporate Financing Conclusion



Credit conditions are easing again

Banks are less restrictive, which supports issuance and refinancing.



Sovereign pricing

The Italy-Germany spread is below its peak, keeping public funding stress contained.



Fiscal space management

Low debt service costs and longer debt maturity enable large fiscal flexibility in EU.

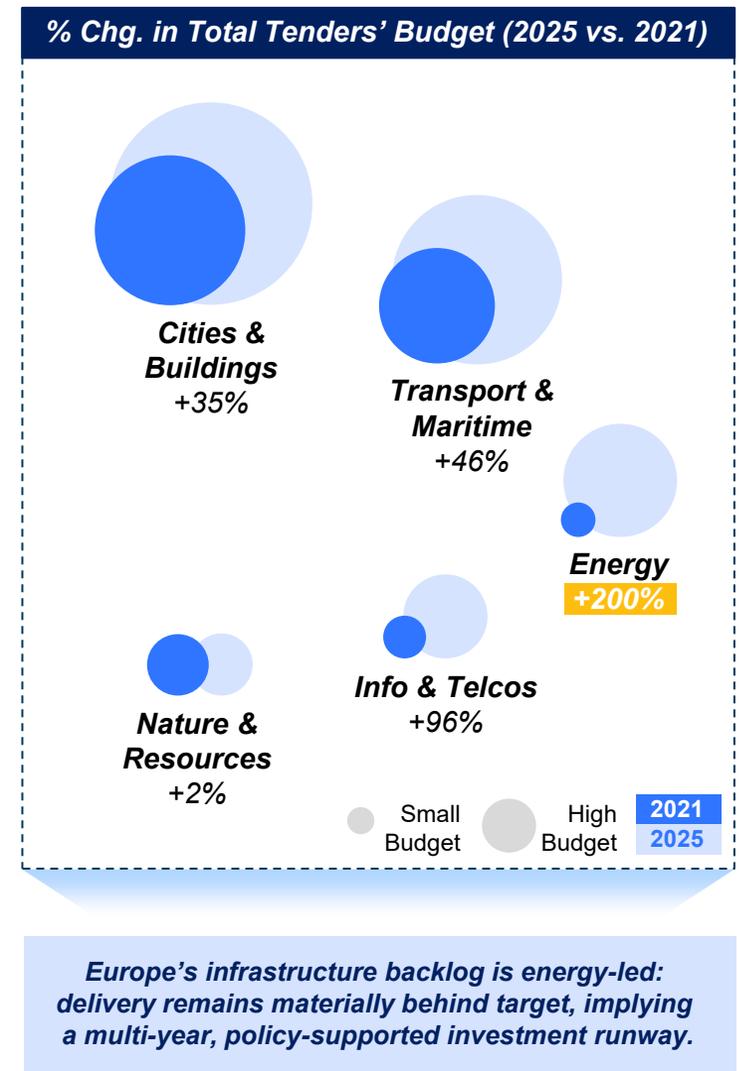
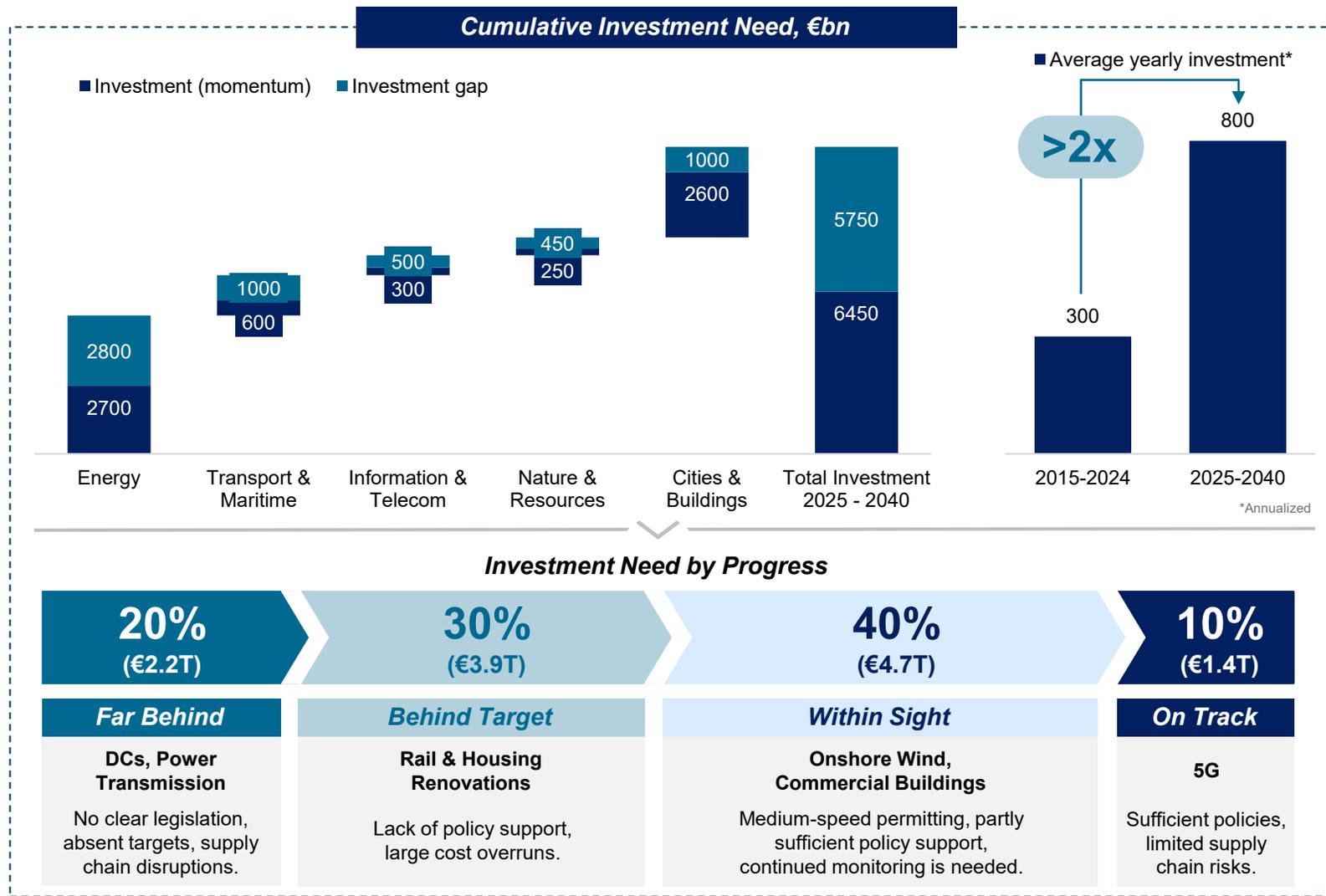
Financing window is reopening, but delivery needs private capex alongside public support.



Subsector Analysis

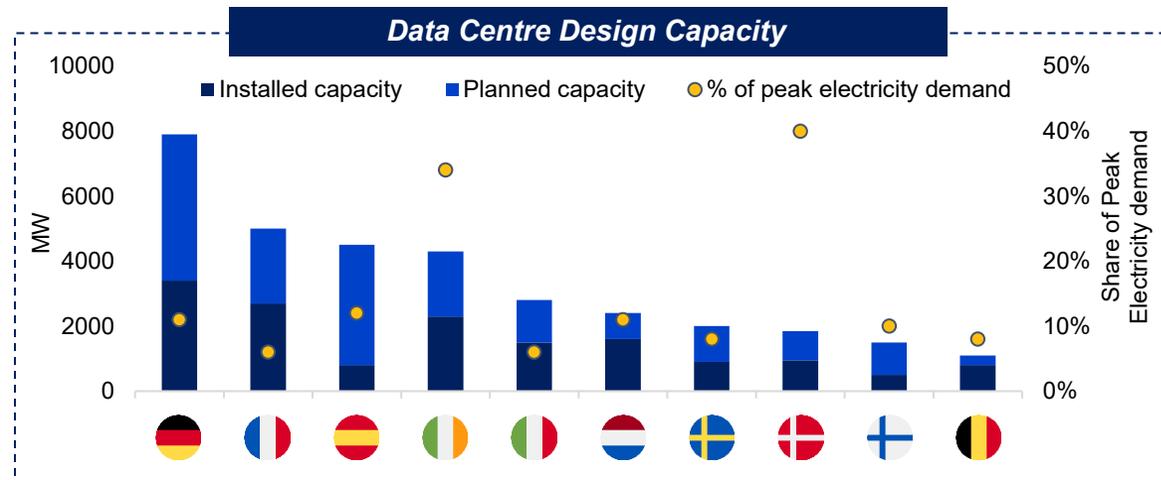
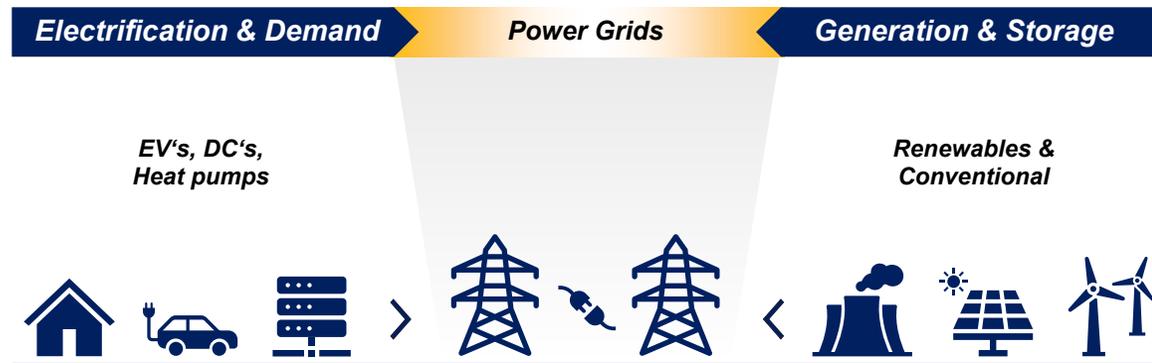
Comparison Across Subsectors

Europe's Backlog in the Energy Sector



Energy Infrastructure

Grids as the Centre of Electricity Chain



Grids constraining entire energy infrastructure

Supply Blocking

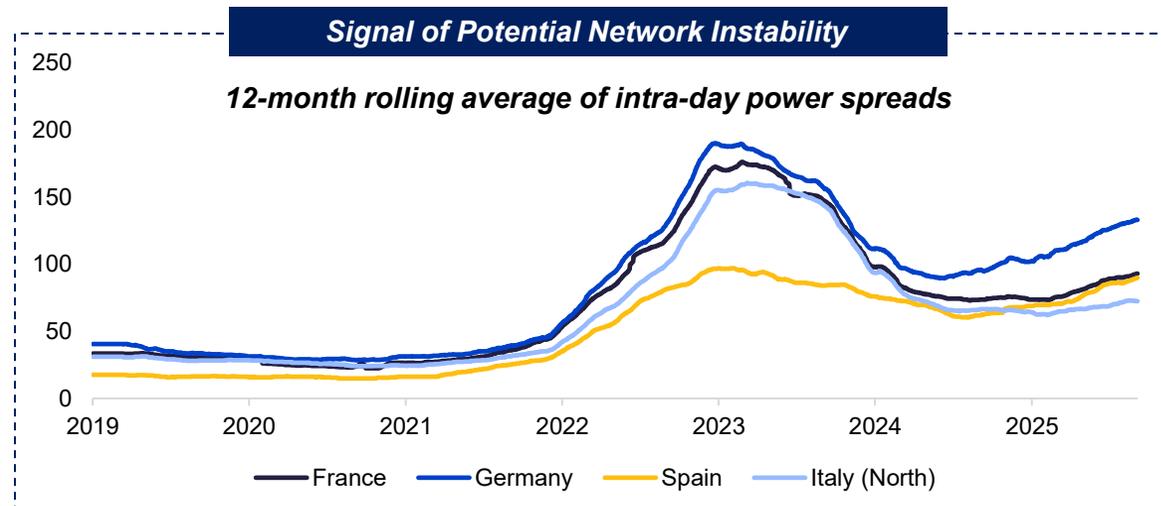
More than **1,700 GW** of renewable energy blocked in Europe by **grid bottlenecks**.

Aging Networks

40% of distribution grids are over **40 y.o.**, with avg. power lines life span being 40-60 years.

Rising Costs

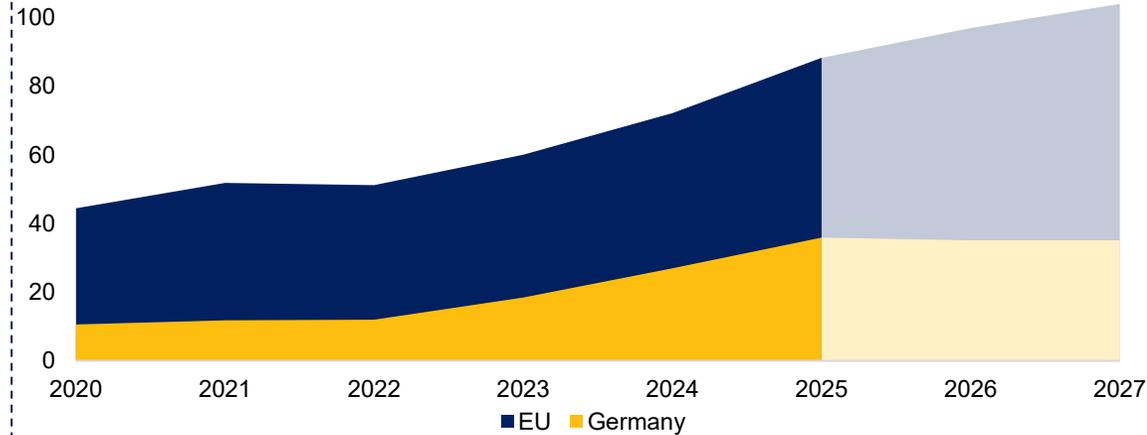
Underinvestment led to **congestion costs rising** from €5.2bn in 2022 to projected €26bn by 2030.



Power grids represent the key bottleneck for energy infrastructure, with generation and demand scaling faster than grids can adapt.

Energy Infrastructure Bottleneck

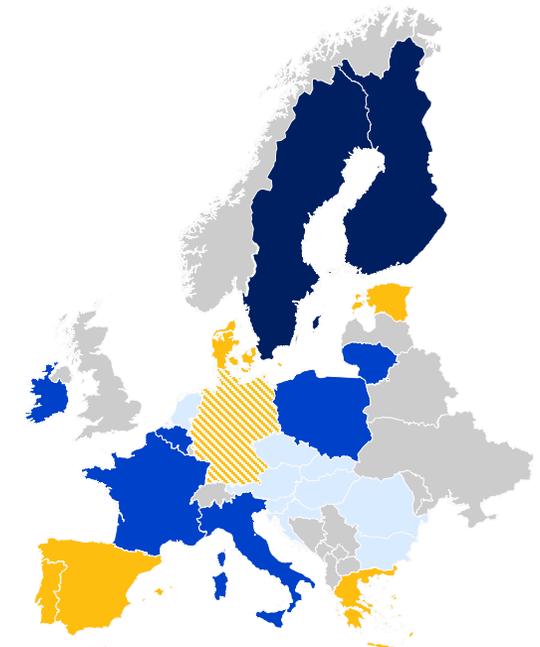
Power Grid Investments (in billions of €)



EU Capacity Mechanisms

- Market-wide capacity mechanism
- Strategic reserve
- Capacity market or strategic reserve under development
- Capacity mechanism or strategic reserve under development
- No capacity mechanism

Country-by-country capacity schemes increase grid bottlenecks, making **grid expansion unavoidable**.



Taking the right steps

Permitting Time	Skills & Labour	German WACC
 Cutting down permitting time	 Tackling the skills and labour shortage	 Grid operators getting a fair valuation for risk
Inland grid projects from 5 to 2 years.	Net zero University for 100.000 people.	Small changes enabling investment flows.

M&A Activity

Dealmakers are repositioning portfolios and starting partnerships.

Timelines

Being slow relative to the speed of new project announcements.

Supply-chain

Long lead times for key equipment and materials, delaying upgrades.

Grid investment is becoming unavoidable across the EU.



Screening & Trade

Screening Process

Leveraging the Positioning of EU Infrastructure

Investment Thesis



Macro: Disinflation and a policy-rate peak reduce funding stress and improve visibility for multi-year capex.



Financing: EU programmes, national budgets, and development banks crowd in private capital to scale the pipeline even beyond fiscal limits.



Europe: Delivery is behind ambitious targets, converting the implementation gap into a durable, policy-backed investment runway.



Budget: Energy is the fastest-accelerating tender budget category and remains the most behind plan, implying sustained order flow.



Grids: Electrification (EVs, heat pumps, data centres) is outpacing grid capacity, with connection constraints and price dispersion confirming urgency.



Regulatory De-risking: Faster permitting and clearer remuneration/WACC, reduce execution and return risk, accelerating investable capex.

Easing macro headwinds plus a policy-anchored delivery gap set up a multi-year EU grid capex cycle, making power grids the highest-conviction infrastructure bottleneck trade.

Screening Process

Main Universe

EU Infrastructure Beneficiaries Index* with Stoxx Europe 600 as a base.

Valuation

Subset stocks with P/E below the industry median (<22x).

Outcome 1



Cheap and tradable EU infrastructure beneficiaries.



Select companies appearing in both lists.



Consistent direct and indirect tender winners.



Outcome 2

Step 1

Step 2

Parallel Universe

Most frequent energy infrastructure tender winners since 2021 with >50% revenues.

The Greatest Hits

Either top 10 most frequent non-public subcontractors or top 10 publicly traded winners.

Screening Outcome



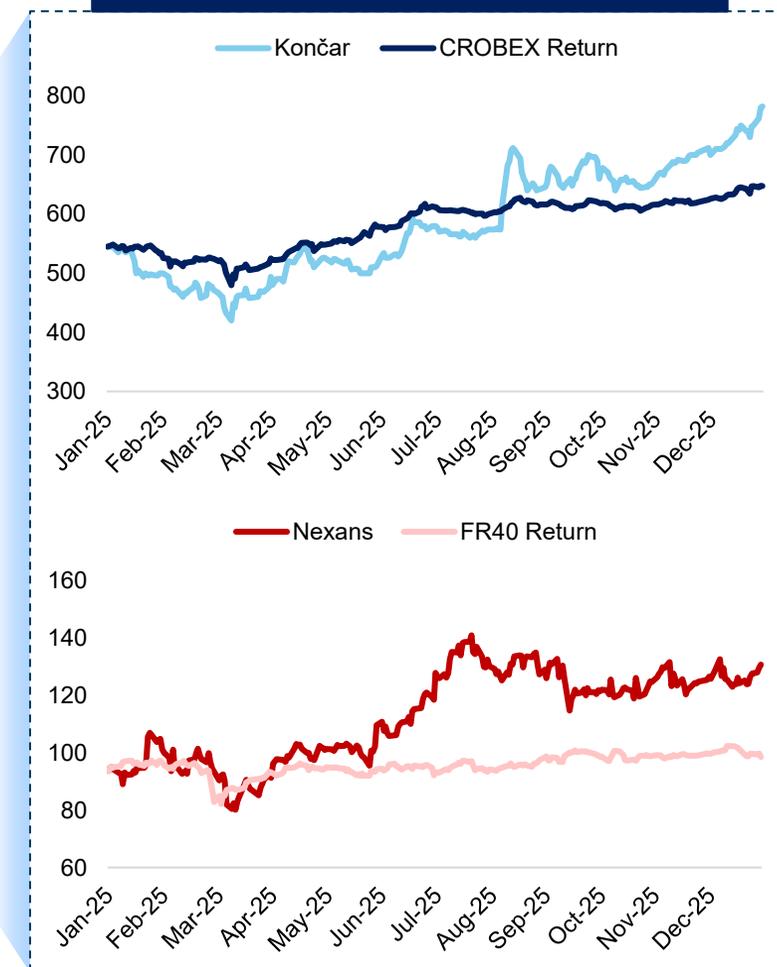
Peer Comparison

Linking Sector Research with Screening Outcomes



Ticker	DG	KOEI	NEX
Exposure	Infrastructure and facilities operator	Electrical equipment manufacturer	Energy generation, transmission & distribution
MCAP	€ 69.15 bn	€ 2 bn	€ 5.65 bn
Multiples	P/E 14x EV/EBITDA 7x	P/E 13.81x EV/EBITDA 9x	P/E 11.74x EV/EBITDA 5.67x
Revenue, bn	€ 73.92 bn	€ 1.23 bn	€ 8.55 bn
EBITDA Margin	17.34 %	17.52 %	8.54 %
FCF	€ 7,664 m	€ 185 m	€ 321 m
ROE, %	16.76 %	22.71 %	15.9 %
ROA, %	3.92 %	9.05 %	3.93 %
12M, %	+15 %	+43 %	+36 %
FCF 5Y CAGR	14.14%	52.66%	14.62%
Comment	Defensive, diversified in infrastructure, so not a pure grid-equipment play.	Pure electrical equipment pick, with great growth potential due to the announced projects.	Direct beneficiary in electrification that trades at discount compared to other.

Share Price Performance



I. Company Overview

KONČAR – Elektroindustrija d.d.

Key Facts & Figures

KONČAR

Končar operates in the electrical engineering industry. The Company manufactures and services electrical equipment such as medium and high voltage electric equipment, design and construction of power generation.



HQ: Zagreb, Croatia



Employees: 5975



Foundation: 1921

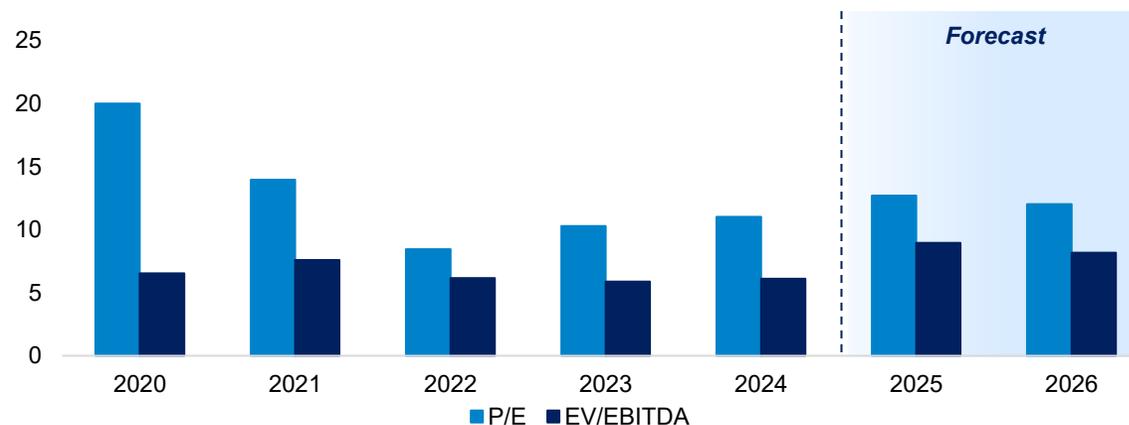


Presence: 130+ countries

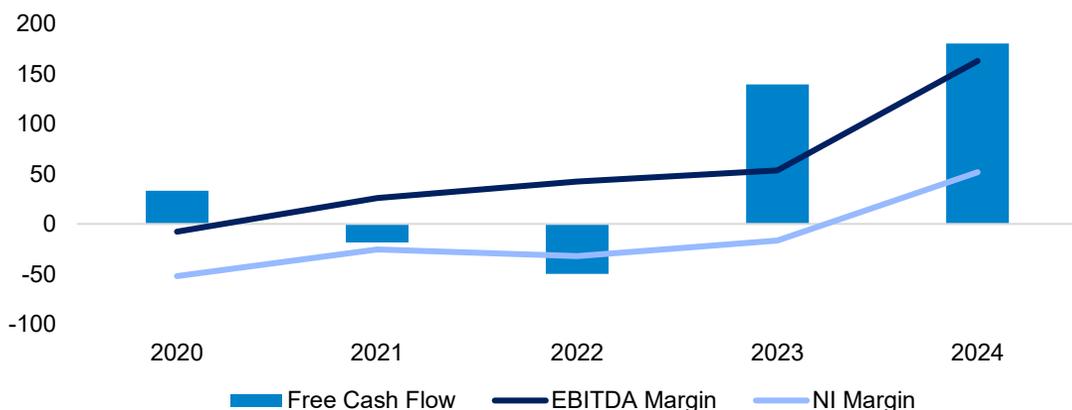
0.38%

Dividend Yield

Valuation Ratios



Key Financials & Drivers



Sustainability

Končar manufactured Croatia's first battery train which was launched into service during the end of 2025.

Capital Expenditures

Končar plans to invest 550mIn in 3 years and has just announced the creation of a new factory in joint venture with Siemens.

Potential Ukraine exposure

Končar is implementing advanced microgrid at Zagreb headquarters and they already have reconstruction contracts.

II. Company Overview

NEXANS

Key Facts & Figures



Nexans provides energy solutions. The Company specializes in power generation, transmission, and distribution, infrastructure, and mobility services, as well as offers cabling and electrical systems.



HQ: Paris, France



Employees: 28,498



Foundation: 2000



Presence: 41 countries

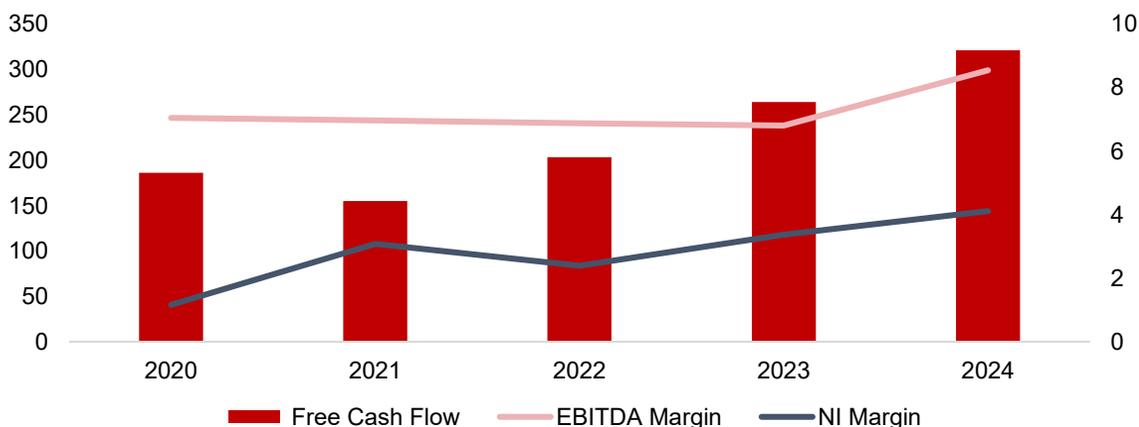


Dividend Yield 1.99%

Valuation Ratios



Key Financials & Drivers



New CEO
After the surprising appointment of Julien Hueber as CEO, Nexans' shares dropped in price by 9.5%.

Business
Nexans enters negotiations for the sale of Autoelectric, this would be the final step in the group's transformation into pure electrification.

Sustainability
Nexans announced recently that it has been awarded an 'A' score by CDP, the non-profit environmental disclosure organization.



Appendix

Sources

Source Name	Link	Date of Retrieval	Used for
Bloomberg Finance L.P.	Software	28/01/2026	Economic and company data
MSCI	Link	19/01/2026	Slide 16
European Commission	Link	12/01/2026	Slide 8
European Court of Auditors	Link	12/01/2026	Slide 8
BCG	Link	12/01/2026	Slide 9
Center for Economic Policy Research	Link	12/01/2026	Slide 9
ECB	Link	12/01/2026	Slide 10
ECB	Link	12/01/2026	Slide 10
CBRE	Link	28/01/2026	Slide 4
Irf-OECD	Link	28/01/2026	Slide 4
EIB	Link	28/01/2026	Slide 6
PitchBook	Link	28/01/2026	Slide 5

Sources

Source Name	Link	Date of Retrieval	Used for
Boston Consulting Group	Link	27/12/2025	Slide 12
Strategic Energy	Link	28/01/2026	Slide 13
IEA	Link	28/01/2026	Slide 13
ECA	Link	28/01/2026	Slide 13
Allianz	Link	28/01/2026	Slide 13
Bruegel	Link	19/01/2026	Slide 14
Financial Times	Link	28/01/2026	Slide 5
Reuters	Link	28/01/2026	Slide 5
European Commission	Link	28/01/2026	Slide 5
Trade Economics	Link	28/01/2026	Slide 6
S&P	Link	28/01/2026	Slide 6
PwC	Link	28/01/2026	Slide 14

Sources

Source Name	Link	Date of Retrieval	Used for
BlackRock	Link	18/01/2026	Slide 4
World Bank	Link	28/01/2026	Slide 4
European Parliament	Link	28/01/2026	Slide 12
TED	Link	28/01/2026	Slide 16
BloomberNEF	Software	18/01/2026	Slide 4
European Commission	Link	28/01/2026	Slide 6
ECB	Link	28/01/2026	Slide 6
Eurostat	Link	28/01/2026	Slide 6
EIB	Link	28/01/2026	Slide 6
IMF	Link	28/01/2026	Slide 10

Appendix 2: Custom EU Infrastructure Beneficiaries Index

Capturing Broader EU Infrastructure Equity Market

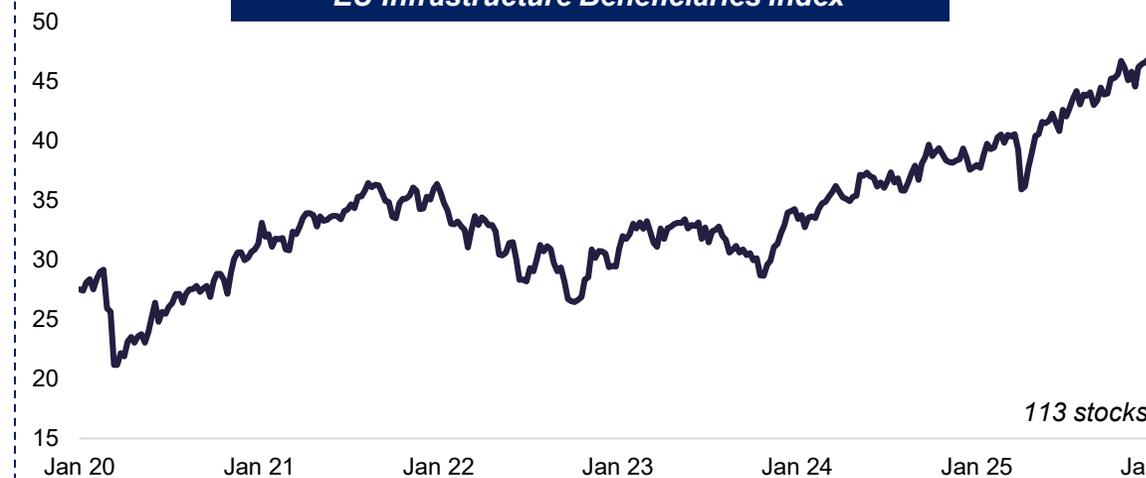
Index Construction Methodology

Stoxx Europe 600 Price Index EUR (> 40% Free Float, avg. daily value traded > €3mn).

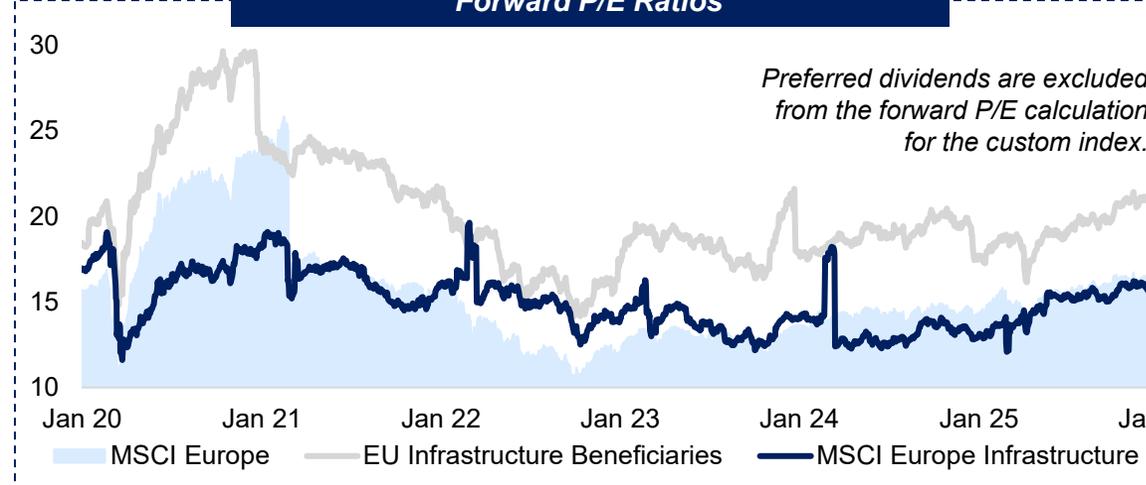
GICS Sector	GICS Subindustry
Information Technology	Communication Equipment, Electronic Equipment & Instruments.
Energy	Oil & Gas Equipment & Services.
Industrials	Construction & Engineering, Building Products, Agricultural & Farm Machinery, Construction Machinery & Heavy Transportation Equipment, Industrial Machinery & Supplies & Components, Electrical Components & Equipment, Heavy Electrical Equipment, Airport Services.
Materials	Construction Materials, Copper, Steel.
Utilities	Electric Utilities, Gas Utilities, Independent Power Producers & Energy Traders, Multi-Utilities, Renewable Electricity, Water Utilities.
Communication Services	Integrated Telecom. Svs, Wireless Telecom Svs.

+ Filter-out all companies not related to infrastructure build-outs (or too indirectly).

EU Infrastructure Beneficiaries Index



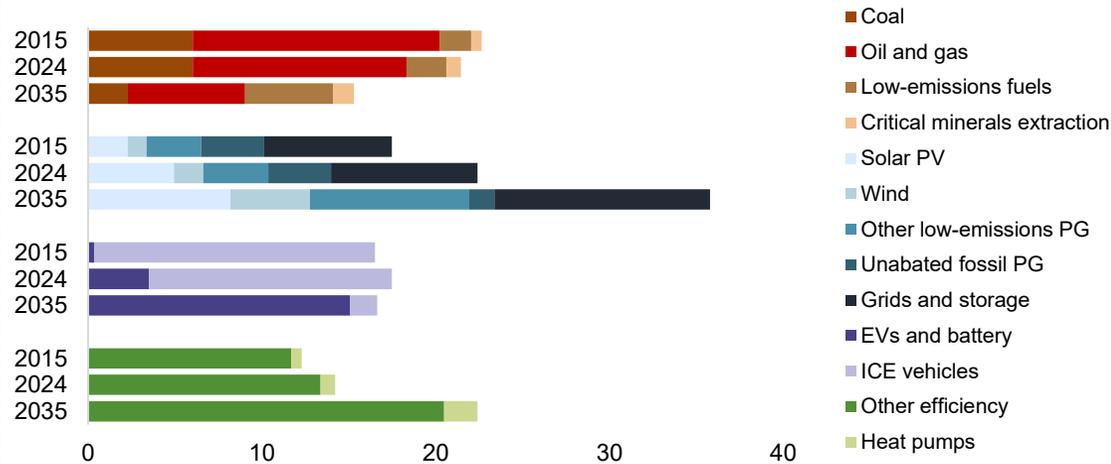
Forward P/E Ratios



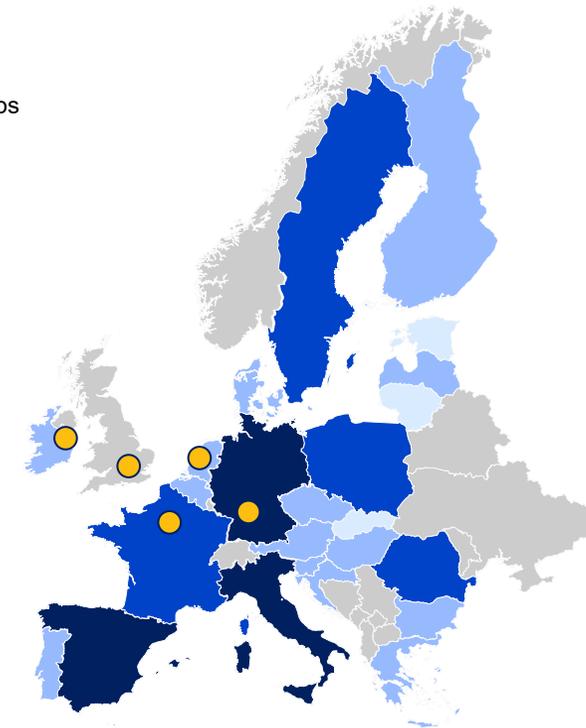
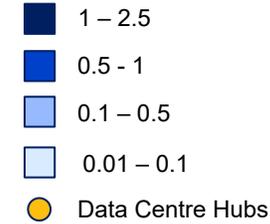
Appendix 3: Custom Index Mix & Power Grid Tailwinds

Investable Universe (GICS L2) and EU Grid Build-Out Indicators

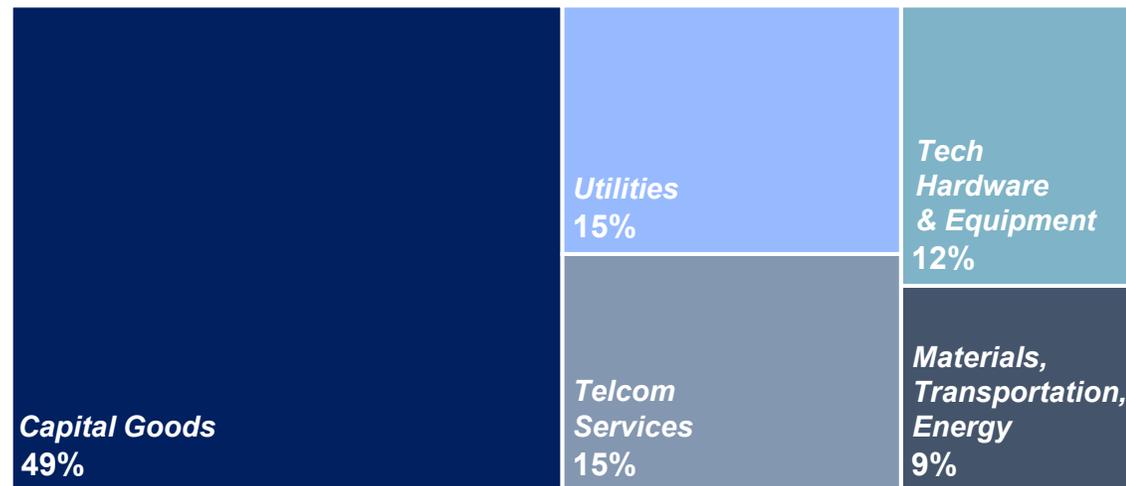
Energy Employment by Technology



Electricity Grids (km of lines)



Investable Universe



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