EuroLand Corporate

ESI SpA

Buy

Market cap (€m)	11,0	Ticker	ESIGM-IT	Energy
Target price	**2,5 €**	Nb of shares (m)	7,5	Research note
Share price on 02/02/2026	1,5 €	12m volume average	23 147,4	
Potential	70%	52w low/high	1,37€/2,10€	03/02/2026

New €2m contract

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- Newe contract to revamp an 8 MWp PV plant
- The contract value is close to €2m
- ESI's order book reaches around €27.5m

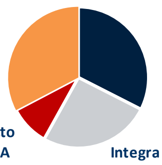
Financial summary (€m)

31/12	2024	2025e	2026e	2027e
Revenues	25,1	25,5	30,3	36,8
YoY chg (%)	*47,7%*	*1,6%*	*18,5%*	*21,6%*
EBITDA	3,0	2,7	3,5	4,8
% of sales	*12,0%*	*10,4%*	*11,6%*	*13,0%*
EBIT	2,1	1,9	2,4	3,4
% of sales	*8,3%*	*7,4%*	*8,1%*	*9,2%*
Net profit	1,2	1,1	1,3	1,9
% of sales	*4,7%*	*4,4%*	*4,4%*	*5,1%*
EPS (reported)	0,16	0,15	0,18	0,25
ROCE (%)	34,8%	15,8%	13,0%	12,4%
ROE (%)	28,9%	21,5%	20,5%	22,3%
Gearing (%)	-2,4%	55,5%	91,5%	114,1%
Net debt	-0,1	2,9	6,2	10,2
Div/share (€)	0,0	0,0	0,0	0,0
Yield (%)	0,0%	0,0%	0,0%	0,0%

Valuation metrics (x)

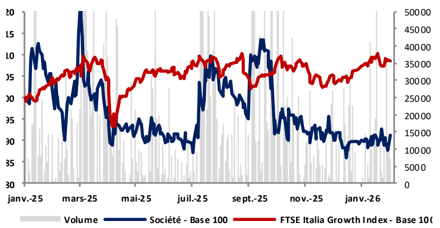
	2024	2025e	2026e	2027e
EV/sales (x)	0,5	0,5	0,6	0,6
EV/EBITDA (x)	4,1	5,3	5,0	4,6
EV/EBIT (x)	5,9	7,4	7,2	6,4
P/E (x)	10,6	9,9	8,2	5,9

Shareholding



Share price performance

	Ytd	1m	3m	12m
Performances (%)	2,4%	1,4%	-1,0%	-10,7%



New €2m contract

ESI announced earlier this week that it has signed a new refurbishment contract for an 8 MWp photovoltaic power plant in the province of Brindisi, in southern Italy.

The contract value is close to €2m for the group, an amount that is relatively above ESI's usual standards. It will cover upgrading and renewal works on part of the plant's facilities and is expected to significantly enhance its operating efficiency. The works are scheduled to begin in Q1 2026 and run through to the end of Q3.

ESI's order book is quickly getting stronger

With this new announcement, ESI is further strengthening its presence in Italy's renewable energy market and confirming the robustness of its order book, which is now approaching €27.5m. The group's news flow has been particularly dynamic since 2025, both on the EPC and IPP segments.

Recommendation

Following this release, we reiterate our Buy recommendation as well as our target price of €2.50.

The stock is still trading at less than 5.5x FY1 EV/EBITDA, compared with a peer group at 11.5x.

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Company presentation

With a history spanning more than 25 years, ESI SpA is a key player in Italy's energy transition landscape. The group is an EPC (Engineering, Procurement, Construction) contractor and a system integrator covering the full life cycle of renewable energy projects.

ESI is active in utility-scale solar PV, as well as wind, off-grid systems and hybrid microgrids, designing and building turnkey assets for a diversified client base: governments, investment funds, NGOs, utilities, and multinational renewable energy developers.

In 2024, ESI SpA reported revenue of €25.1m and an EBITDA of €3.0m.

Investment case

An expert in EPC contracts and system integration. With a long history and an impeccable track record, ESI SpA has developed unique technological expertise in the engineering, construction, and installation of renewable energy power generation plants. The group masters the entire value chain and is capable of delivering turnkey projects to its customers.

Strong market tailwinds. Driven by the goal of a net-zero world and the urgent need to build carbon-free energy production, the markets in which ESI operates are set to grow significantly in the coming years. The regulatory framework, both European and Italian, is very favorable, demand is dynamic, and the potential is immense. At its level, ESI also provides a relevant response to the challenge of energy sovereignty.

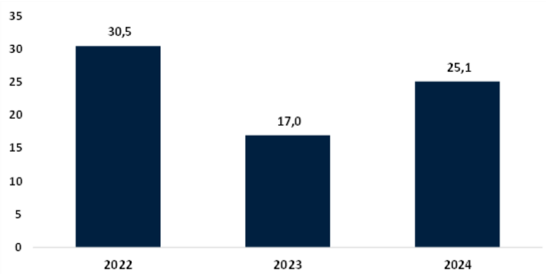
A winning three-pillar business model. ESI has historically been an EPC contractor and system integrator. More recently, the group has also launched an independent energy production business on its own behalf. By entering the IPP segment, ESI aims to generate recurrent, high-margin revenue streams and build a portfolio of energy-producing assets supported by long-term PPAs. A 20 MWp pipeline is already under development.

Identified competitive advantages. With a cornerstone shareholder (Innovatec Group), leading partnerships, a solid customer base, and a well-structured team, ESI bodes well to capture a growing share of a rapidly expanding market. Over the last few months, the group has also shown a strong newsflow and has greatly accelerated its commercial activity with an order book of €27.5m to date.

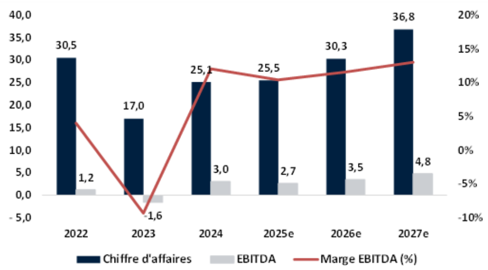
Peer group - valuation multiples

		EV/sales			EV/EBITDA			EV/EBIT			P/E		
Société	**Capitalisation**	**FY1**	**FY2**	**FY3**	**FY1**	**FY2**	**FY3**	**FY1**	**FY2**	**FY3**	**FY1**	**FY2**	**FY3**
Acciona SA	9 896,1	0,9x	0,9x	0,8x	6,2x	6,7x	6,5x	10,5x	12,5x	12,2x	12,1x	20,5x	20,8x
Altea Green Power S.p.A.	145,0	5,2x	2,5x	2,2x	8,9x	4,2x	ns	9,0x	4,2x	4,0x	13,6x	6,2x	5,7x
Elecnor S.A.	2 375,1	0,5x	0,5x	0,5x	9,6x	9,1x	8,9x	13,4x	11,7x	11,5x	21,4x	18,6x	18,0x
ERG S.p.A.	3 313,1	6,4x	6,1x	6,0x	9,4x	8,7x	8,5x	18,3x	16,1x	15,9x	18,7x	16,1x	16,1x
ESPE S.p.A.	27,2	0,6x	0,6x	0,5x	5,1x	3,7x	3,4x	7,4x	4,3x	4,0x	7,5x	4,1x	3,8x
La Francaise de l'Energie SA	193,7	7,8x	4,2x	2,8x	18,3x	9,3x	6,1x	31,0x	13,4x	8,5x	61,2x	17,7x	10,7x
Grenergy Renovables S.A	2 643,6	5,5x	5,0x	3,6x	18,2x	14,9x	10,6x	21,9x	18,4x	13,8x	26,5x	24,6x	20,4x
Fluor Corporation	6 407,9	0,4x	0,4x	0,4x	12,2x	12,0x	10,6x	16,5x	14,0x	12,0x	4,7x	21,6x	18,5x
Voltalia SA	940,2	5,8x	5,3x	4,8x	16,0x	12,9x	10,8x	100,6x	26,9x	20,9x	ns	111,5x	41,2x
Moyenne	**2 882,4**	**3,7x**	**2,8x**	**2,4x**	**11,5x**	**9,1x**	**8,2x**	**25,4x**	**13,5x**	**11,4x**	**20,7x**	**26,7x**	**17,2x**
Médiane	**2 375,1**	**5,2x**	**2,5x**	**2,2x**	**9,6x**	**9,1x**	**8,7x**	**16,5x**	**13,4x**	**12,0x**	**16,1x**	**18,6x**	**18,0x**

Sales growth, 2022-2024 (€m)



Euroland forecasts (sales and EBIDTA)



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P&L (€m)	2022	2023	2024	2025e	2026e	2027e
Sales	30,5	17,0	25,1	25,5	30,3	36,8
EBITDA	1,2	-1,6	3,0	2,7	3,5	4,8
EBIT	**0,7**	**-2,0**	**2,1**	**1,9**	**2,4**	**3,4**
Operating income	0,7	-2,0	2,1	1,9	2,4	3,4
Net financial income (loss)	-0,7	-0,2	-0,2	-0,3	-0,4	-0,5
Tax	-0,2	0,5	-0,7	-0,4	-0,5	-0,7
Associates	0,0	0,0	0,0	0,0	0,0	0,0
Minorities	0,0	0,0	0,0	0,1	0,2	0,3
Net income, group share	**-0,2**	**-1,7**	**1,2**	**1,1**	**1,3**	**1,9**
Balance sheet (€m)	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Non current assets	2,3	2,2	3,0	6,5	10,6	15,5
o/w goodwill	0,0	0,0	0,0	0,0	0,0	0,0
Working capital	3,6	1,8	1,3	2,0	2,8	4,1
Cash and cash equivalents	**1,9**	**0,6**	**2,7**	**3,0**	**2,2**	**0,6**
Equity	3,4	2,9	4,1	5,3	6,8	9,0
Financial debt	4,2	1,6	2,6	5,9	8,4	10,9
Total balance sheet	**43,6**	**23,0**	**34,1**	**38,3**	**46,9**	**57,7**
Cash flow statement (€m)	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Cash flow from operations	0,9	-1,9	2,8	2,0	2,6	3,6
Change in working capital	-2,8	2,5	-0,6	-0,7	-0,8	-1,3
Cash flow from operating activities	**-1,9**	**0,6**	**2,2**	**1,3**	**1,8**	**2,3**
CAPEX, net	-0,4	-0,3	-1,2	-4,3	-5,1	-6,3
FCF	**-2,3**	**0,4**	**1,0**	**-3,0**	**-3,3**	**-4,0**
Capital increase	0,0	1,2	0,0	0,0	0,0	0,0
Change in financial debt	2,8	-2,7	1,0	3,3	2,5	2,5
Dividends paid	0,0	0,0	0,0	0,0	0,0	0,0
Cash flow from financing activities	**2,6**	**-1,5**	**1,0**	**3,3**	**2,5**	**2,5**
Change in cash and cash equivalents	0,1	-1,2	2,0	0,3	-0,8	-1,5
Ratios	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Sales growth (%)	458,7%	-44,2%	47,7%	1,6%	18,5%	21,6%
EBITDA margin (%)	4,0%	-9,3%	12,0%	10,4%	11,6%	13,0%
EBIT margin (%)	**2,4%**	**-11,5%**	**8,3%**	**7,4%**	**8,1%**	**9,2%**
Operating profit margin (%)	2,4%	-11,5%	8,3%	7,4%	8,1%	9,2%
Net margin (%)	-0,7%	-10,2%	4,7%	4,4%	4,4%	5,1%
CAPEX (% sales)	1,3%	1,5%	5,0%	16,8%	16,9%	17,1%
Working capital (% sales)	11,9%	10,5%	5,1%	7,8%	9,2%	11,0%
ROCE (%)	8,7%	-35,5%	34,8%	15,8%	13,0%	12,4%
ROCE ex GW (%)	**8,7%**	**-35,5%**	**34,8%**	**15,8%**	**13,0%**	**12,4%**
ROE (%)	-6,6%	-59,8%	28,9%	21,5%	20,5%	22,3%
Payout (%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Dividend yield (%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Leverage ratios	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Gearing (%)	**69,7%**	**32,3%**	**-2,4%**	**55,5%**	**91,5%**	**114,1%**
Net debt/EBITDA (x)	2,0	-0,6	0,0	1,1	1,8	2,1
Interest coverage (x)	1,7	7,1	16,7	9,0	8,3	8,8
Valuation	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**
Nb of shares (millions)	7,0	7,5	7,5	7,5	7,5	7,5
Average nb of shares (millions)	7,0	7,5	7,5	7,5	7,5	7,5
Price (annual average, €)	2,0	2,0	1,7	1,5	1,5	1,5
Average market capitalization (€m)	14,0	15,1	12,4	11,0	11,0	11,0
(2) Net debt (+)/ Net cash (-)	2,4	0,9	-0,1	2,9	6,2	10,2
(3) Value of minorities	0,0	0,0	0,0	0,1	0,3	0,6
(4) Value of financial assets	0,0	0,0	0,0	0,0	0,0	0,0
EV = (1)+(2)+(3)-(4)	16,4	16,1	12,3	14,0	17,5	21,8
EV/sales	**0,5x**	**0,9x**	**0,5x**	**0,5x**	**0,6x**	**0,6x**
EV/EBITDA	13,4x	ns	4,1x	5,3x	5,0x	4,6x
EV/EBIT	**22,9x**	**ns**	**5,9x**	**7,4x**	**7,2x**	**6,4x**
P/E	ns	ns	10,6x	9,9x	8,2x	5,9x
P/B	4,1x	5,2x	3,1x	2,1x	1,6x	1,2x
P/CF	ns	23,8x	5,6x	8,7x	6,1x	4,8x
FCF yield (%)	**ns**	**2,3%**	**7,8%**	**ns**	**ns**	**ns**
Per share data (€)	**2022**	**2023**	**2024**	**2025**	**2026**	**2027e**
EPS (reported)	0,0	-0,2	0,2	0,1	0,2	0,2
Book value	**0,5**	**0,4**	**0,5**	**0,7**	**0,9**	**1,2**
Dividend	0,0	0,0	0,0	0,0	0,0	0,0

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Recommendation system:

EuroLand Corporate's recommendations cover the next twelve months and are defined as follows:

Buy: Upside potential of more than 15% in absolute terms compared to the current price, combined with strong fundamentals.
Accumulate: Upside potential of between 0% and 15% in absolute terms relative to the current price.
Neutral: Absolute upside potential of between -5% and +5% relative to the current price.
Reduce: Downside potential of the stock between 0% and 15% in absolute terms relative to the current price.
Sell: Downside potential of the stock greater than 15% in absolute terms relative to the current price, excessive valuation.
Under review: The recommendation is under review due to a capital transaction (takeover bid/public exchange offer/capital increase, etc.), a change of analyst, or a temporary conflict of interest between Euroland Corporate and the issuer.

Recommendation history:
Buy: Since 13/11/2025
Accumulate: (-)
Neutral: (-)
Reduce: (-)
Sell: (-)
Under review: (-)

Valuation methods:
This document may refer to valuation methods, which are summarized as follows:

1/ Stock market comparison method: the valuation multiples of the company being valued are compared to those of a sample of companies in the same sector or with a similar financial profile. The sample average establishes a valuation benchmark, to which the analyst adds any discounts or premiums resulting from their perception of the specific characteristics of the company being valued (legal status, growth prospects, profitability level, etc.).

2/ NAV method: Net Asset Value is an assessment of the market value of a company's balance sheet assets using the method that the analyst considers most appropriate.

3/ Sum-of-the-parts method: the sum-of-the-parts method consists of valuing a company's activities separately using methods appropriate to each of these activities and then adding them together.

4/ DCF method: the discounted cash flow method consists of determining the present value of the cash that a company will generate in the future. Cash flow projections are established by the analyst based on his assumptions and modeling. The discount rate used is the weighted average cost of capital, which represents the cost of the company's debt and the theoretical cost of equity estimated by the analyst, weighted by the weight of each of these two components in the company's financing.

5/ Transaction multiples method: this method consists of applying to the company being valued the multiples observed in transactions already carried out on comparable companies.

6/ Dividend discount method: this method consists of establishing the present value of the dividends that will be received by a company's shareholders, based on a dividend projection made by the analyst and a discount rate deemed relevant (generally the theoretical cost of equity).

7/ EVA method: The Economic Value Added method consists of determining the annual increase in profitability generated by a company on its assets in relation to its cost of capital (a difference also referred to as "value creation"). This excess profitability is then discounted for future years at a rate corresponding to the weighted average cost of capital, and the result is added to the net book


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