

ESI SpA

Buy

Market cap (€m)	8,4	Ticker	ESIGM-IT	Energy
Target price	2,12 € (vs 2,50 €)	Nb of shares (m)	7,5	Research note
Share price on 31/03/2026	1,11 €	12m volume average	19 444,3	01/04/2026
Potential	91%	52w low/high	1,10€/1,85€	

A mixed but still positive set of results

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- ESI SpA reported FY25 revenues of €22.4m, generating €1.4m of EBITDA
- On a consolidated basis, revenues came in at €22.0m with EBITDA of €0.9m
- The order backlog stands at €24m, providing solid visibility on near-term activity

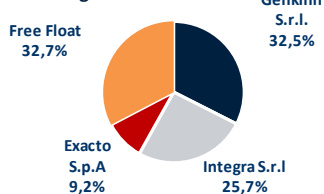
Financial summary (€m)

31/12	2025	2026e	2027e	2028e
Revenues	22,4	23,3	25,9	29,3
YoY chg (%)	-10,8%	3,8%	11,3%	13,1%
EBITDA	1,2	2,1	2,6	3,2
% of sales	5,4%	8,9%	9,9%	11,0%
EBIT	0,5	1,3	1,6	2,1
% of sales	2,4%	5,4%	6,1%	7,2%
Net profit	0,2	0,8	1,0	1,4
% of sales	0,9%	3,4%	4,0%	4,9%
EPS (reported)	0,03	0,11	0,14	0,19
ROCE (%)	7,1%	14,1%	14,7%	16,1%
ROE (%)	4,5%	15,9%	17,1%	18,9%
Gearing (%)	11,9%	14,6%	17,7%	17,8%
Net debt	0,5	0,7	1,1	1,3
Div/share (€)	0,0	0,0	0,0	0,0
Yield (%)	0,0%	0,0%	0,0%	0,0%

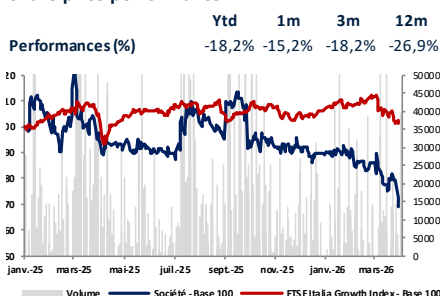
Valuation metrics (x)

	2025	2026e	2027e	2028e
EV/sales (x)	0,5	0,4	0,4	0,4
EV/EBITDA (x)	9,2	4,8	3,9	3,2
EV/EBIT (x)	20,9	7,8	6,4	4,9
P/E (x)	51,7	10,4	8,0	5,9

Shareholding



Share price performance



Publication of FY25 annual results

ESI reported a mixed set of FY25 results, although profitability remains in positive territory. On a standalone basis, the company delivered revenues of €22.4m, with EBITDA of €1.4m and net income of €0.2m. For the first time, the group also disclosed consolidated financial statements, incorporating IPP (Independent Power Producer) activities. On this basis, ESI Group reported revenues of €22.0m, EBITDA of €0.9m and a slightly negative net result (-€0.1m). The order backlog remains robust at €24m, providing good visibility on short-term activity, while commercial momentum remains solid despite an uncertain geopolitical environment.

Standalone performance under pressure, but still profitable

Given the lack of comparability at the consolidated level, we focus primarily on standalone figures at this stage. For FY25, ESI reported total revenues of €22.4m, down -10.8% YoY. This performance reflects €20.8m of revenues generated from sales and services, including 4 EPC contracts representing a total value of €18.7m and 3 revamping contracts for €2.1m, with the remainder stemming from work in progress. The implementation of the FER X decree during 2025 led to a wait-and-see approach from clients, resulting in delays in investment decisions and impacting revenue recognition over the period.

At the profitability level, group EBITDA came in at €1.4m, compared to €3.0m in 2024. The decline is primarily attributable to an unfavourable project mix, with a higher contribution from lower-margin EPC contracts relative to revamping and system integration activities. In addition, the phasing of project execution weighed on margins, as projects typically generate lower profitability in the final stages of construction compared to earlier phases.

Still a rock solid balance sheet

With shareholders' equity of €4.3m and net debt limited to €0.5m, ESI's financial position remains under control. Positive earnings generation, disciplined working capital management and contained capex (€0.8m invested in IPP stakes) have enabled the company to limit its cash



burn. As of FY25 year-end, gross cash stood at €2.4m. On a consolidated basis, however, net debt rises to €2.2m, reflecting the drawdown of project financing related to the construction of the La Cava facility, which is fully owned by the group.

Strong commercial momentum, supported by a robust order backlog

ESI S.p.A. delivered sustained commercial momentum throughout 2025 and into early 2026. On the IPP side, the group successfully commissioned its first proprietary asset, the 3 MWp La Cava solar plant in Monterosi, fully financed, constructed and brought online in December 2025. This marks the first milestone in a targeted 20 MWp pipeline over the next three years, further strengthened by the acquisition of ED Solar 2 (1.65 MWp in Nettuno), financed in early 2026.

In parallel, EPC activity accelerated significantly, with a series of sizeable contract wins, including a 4.5 MWp turnkey project in Petilia Policastro, 6.5 MWp of revamping projects in Umbria, followed by 4 MWp and 8 MWp of revamping in Puglia. Most notably, ESI secured a 15 MWp agrivoltaic project in Umbria in March 2026, representing approximately €5.5m.

The strategic framework agreement signed with Innovatec and Altea Green Power, focused on the co-development of solar projects across Italy, provides additional mid-term visibility. Overall, including production as of December 31, 2025 and contracts secured to date, the order backlog stands at c.€23.8m, supporting strong short-term activity levels.

Outlook and estimates

Supported by a high-quality backlog, a still favourable regulatory environment and structural tailwinds for renewable energy, ESI appears well positioned to pursue its dual strategy combining third-party EPC activities with the gradual build-up of a proprietary asset portfolio. According to Italia Solare / Gaudi-Terna data, Italy now exceeds 2 million connected photovoltaic installations, representing a total installed capacity of 43.5 GW, approaching the intermediate PNIEC target of 44.2 GW and underpinning the longer-term objective of 79.2 GW by 2030. In this context, geopolitical tensions continue to reinforce the relative attractiveness of renewable energy versus fossil fuels.

We have revised our 2026 estimates upwards and now expect standalone revenues of €25.9m, with EBITDA of €2.1m (implying a margin of 8.9%) and net income of €0.8m. With the consolidation of IPP activities, leverage will remain a key area of focus over the coming years. At this stage, ESI holds 100% of La Cava (3 MWp), 100% of Solar 2 (1.65 MWp) and 51% of Solar 1 (4 MWp). Electricity sale from the La Cava facility is expected to commence next month, marking the start of recurring revenue contribution.

Recommendation

Following this publication, we reiterate our Buy recommendation and adjust our target price to €2.12 (vs. €2.50 previously), reflecting a more conservative scenario and lower valuation multiples across the peer group.



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 €22.4m and an EBITDA of €1.4m.

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.

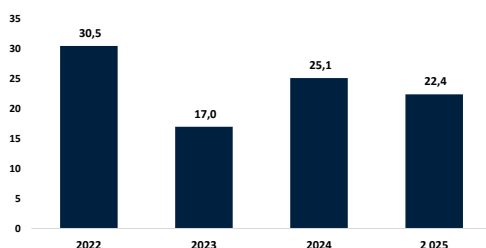
A winning three-pillar business model. ESI has historically been an EPC contractor and system integrator. More recently, the group has also launched an independent energy production business on its own behalf. By entering the IPP segment, ESI aims to generate recurrent, high-margin revenue streams and 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 €24m to date.

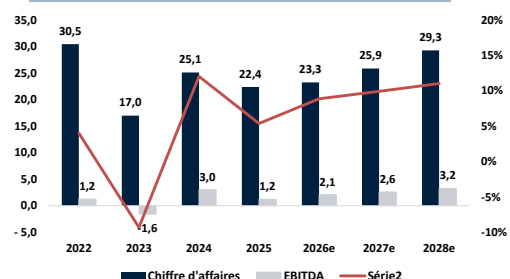
Peer group - valuation multiples

Société	Capitalisation	EV/size			EV/EBITDA			EV/EBIT			P/E		
		FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3
Acciona SA	9896,1	0,9x	0,9x	0,8x	6,2x	6,7x	6,5x	10,5x	12,9x	12,2x	12,1x	20,5x	20,8x
Abax 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
Becnar S.A.	2375,1	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.	3313,1	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 Française 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
Greenly Renewables S.A.	2643,6	5,5x	5,0x	3,6x	18,2x	14,9x	10,6x	21,9x	18,4x	13,8x	26,9x	24,6x	20,4x
Fluor Corporation	6407,9	0,4x	0,4x	0,4x	12,2x	12,0x	10,6x	16,5x	14,0x	12,0x	4,7x	21,6x	18,9x
Volta 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	2882,4	3,7x	2,8x	2,4x	11,6x	9,1x	8,2x	26,4x	18,6x	11,4x	20,7x	28,7x	17,2x
Médiane	2375,1	6,2x	2,6x	2,2x	9,8x	9,1x	8,7x	18,6x	13,4x	12,0x	18,1x	18,8x	18,0x

Sales growth, 2022-2024 (€m)



Euroland forecasts (sales and EBITDA)



P&L (€m)	2022	2023	2024	2025	2026e	2027e	2028e
Sales	30,5	17,0	25,1	22,4	23,3	25,9	29,3
EBITDA	1,2	-1,6	3,0	1,2	2,1	2,6	3,2
EBIT	0,7	-2,0	2,1	0,5	1,3	1,6	2,1
Operating income	0,7	-2,0	2,1	0,5	1,3	1,6	2,1
Net financial income (loss)	-0,7	-0,2	-0,2	-0,1	-0,1	-0,1	-0,1
Tax	-0,2	0,5	-0,7	-0,2	-0,3	-0,4	-0,6
Associates	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Minorities	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net income, group share	-0,2	-1,7	1,2	0,2	0,8	1,0	1,4
Balance sheet (€m)	2022	2023	2024	2025	2026e	2027e	2028e
Non current assets	2,3	2,2	3,0	3,3	5,0	7,0	9,2
o/w goodwill	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Working capital	3,6	1,8	1,3	2,1	1,3	0,7	0,2
Cash and cash equivalents	1,9	0,6	2,7	2,4	2,2	1,9	1,6
Equity	3,4	2,9	4,1	4,3	5,1	6,1	7,5
Financial debt	4,2	1,6	2,6	3,0	3,0	3,0	3,0
Total balance sheet	43,6	23,0	34,1	36,1	36,9	41,1	46,7
Cash flow statement (€m)	2022	2023	2024	2025	2026e	2027e	2028e
Cash flow from operations	0,9	-1,9	2,8	0,9	1,6	2,0	2,5
Change in working capital	-2,8	2,5	-0,6	-0,8	0,8	0,6	0,5
Cash flow from operating activities	-1,9	0,6	2,2	0,2	2,4	2,7	3,0
CAPEX, net	-0,4	-0,3	-1,2	-0,1	-2,5	-3,0	-3,3
FCF	-2,3	0,4	1,0	0,1	-0,1	-0,3	-0,3
Capital increase	0,0	1,2	0,0	0,0	0,0	0,0	0,0
Change in financial debt	2,8	-2,7	1,0	0,4	0,0	0,0	0,0
Dividends paid	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Cash flow from financing activities	2,6	-1,5	1,0	0,4	0,0	0,0	0,0
Change in cash and cash equivalents	0,1	-1,2	2,0	-0,3	-0,1	-0,3	-0,3
Ratios	2022	2023	2024	2025	2026e	2027e	2028e
Sales growth (%)	458,7%	-44,2%	47,7%	-10,8%	3,8%	11,3%	13,1%
EBITDA margin (%)	4,0%	-9,3%	12,0%	5,4%	8,9%	9,9%	11,0%
EBIT margin (%)	2,4%	-11,5%	8,3%	2,4%	5,4%	6,1%	7,2%
Operating profit margin (%)	2,4%	-11,5%	8,3%	2,4%	5,4%	6,1%	7,2%
Net margin (%)	-0,7%	-10,2%	4,7%	0,9%	3,4%	4,0%	4,9%
CAPEX (% sales)	1,3%	1,5%	5,0%	0,3%	10,7%	11,6%	11,3%
Working capital (% sales)	11,9%	10,5%	5,1%	9,2%	5,6%	2,6%	0,6%
ROCE (%)	8,7%	-35,5%	34,8%	7,1%	14,1%	14,7%	16,1%
ROCE ex GW (%)	8,7%	-35,5%	34,8%	7,1%	14,1%	14,7%	16,1%
ROE (%)	-6,6%	-59,8%	28,9%	4,5%	15,9%	17,1%	18,9%
Payout (%)	0,0%	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%	0,0%
Leverage ratios	2022	2023	2024	2025	2026e	2027e	2028e
Gearing (%)	69,7%	32,3%	-2,4%	11,9%	14,6%	17,7%	17,8%
Net debt/EBITDA (x)	2,0	-0,6	0,0	0,4	0,4	0,4	0,4
Interest coverage (x)	1,7	7,1	16,7	8,8	15,0	18,7	23,5
Valuation	2022	2023	2024	2025	2026e	2027e	2028e
Nb of shares (millions)	7,0	7,5	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	7,5
Price (annual average, €)	2,0	2,0	1,7	1,3	1,1	1,1	1,1
Average market capitalization (€m)	14,0	15,1	12,4	9,9	8,4	8,4	8,4
(2) Net debt (+)/ Net cash (-)	2,4	0,9	-0,1	0,5	0,7	1,1	1,3
(3) Value of minorities	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(4) Value of financial assets	0,0	0,0	0,0	-0,7	-0,7	-0,7	-0,7
EV = (1)+(2)+(3)-(4)	16,4	16,1	12,3	11,2	9,8	10,2	10,4
EV/sales	0,5x	0,9x	0,5x	0,5x	0,4x	0,4x	0,4x
EV/EBITDA	13,4x	ns	4,1x	9,2x	4,8x	3,9x	3,2x
EV/EBIT	22,9x	ns	5,9x	20,9x	7,8x	6,4x	4,9x
P/E	ns	ns	10,6x	51,7x	10,4x	8,0x	5,9x
P/B	4,1x	5,2x	3,1x	2,3x	1,7x	1,4x	1,1x
P/CF	ns	23,8x	5,6x	64,5x	3,5x	3,1x	2,7x
FCF yield (%)	ns	2,3%	7,8%	0,8%	ns	ns	ns
Per share data (€)	2022	2023	2024	2025	2026e	2027e	2028e
EPS (reported)	0,0	-0,2	0,2	0,0	0,1	0,1	0,2
Book value	0,5	0,4	0,5	0,6	0,7	0,8	1,0
Dividend	0,0	0,0	0,0	0,0	0,0	0,0	0,0



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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