

ESI SpA

Under
review

Market cap (€m)	9,0	Ticker	ESIGM-IT	Energy
Target price	N/A	Nb of shares (m)	7,5	Research note
Share price on 10/06/2026	1,19 €	12m volume average	18 804,0	11/06/2026
Potential	N/A	52w low/high	1,07€/1,85€	

Merger plan with majority shareholder Innovatec

Key takeaways

- Proposed merger by incorporation of ESI into Innovatec, exchange ratio of 36 INC shares for 5 ESI shares
- Prior Innovatec capital increase of €8.0m, backstopped by Sostenya Group
- Implied ESI valuation of €9.7m, representing €1.28 per share

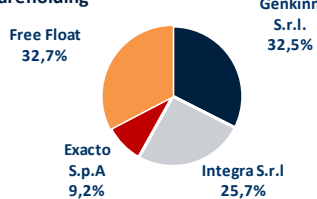
Financial summary (€m)

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	5,0	4,2	3,4
EV/EBIT (x)	20,9	8,3	6,8	5,2
P/E (x)	51,7	11,2	8,6	6,3

Shareholding



Share price performance



ESI is to be absorbed by Innovatec, its controlling shareholder

ESI and Innovatec, its 32.4% controlling shareholder, announced on 26th May the signing of a binding agreement for the merger of ESI into Innovatec. The objective is to create an integrated energy transition platform spanning the full photovoltaic value chain, from project development to EPC, revamping and system integration, to proprietary power generation (IPP) and energy sales.

The industrial rationale is clear. The transaction will streamline the legal structure, eliminate duplicate listing and corporate costs, and integrate engineering and construction teams. Upon completion, ESI shares will be delisted from EGM, while existing ESI shareholders will own approximately 21.1% of the combined entity.

First step: an €8.0m Innovatec rights issue, backstopped by Sostenya

The merger is conditional upon the full completion of an Innovatec rights issue of up to €8.0m, comprising 40.8m new shares at €0.196 per share, on the basis of 11 new shares for every 26 existing shares. The subscription period runs until 18 June. The structure implies a 2.9% premium to TERP and around a 10% premium to the last closing price. In practice, the outcome of the transaction is already secured. Sostenya Group, Innovatec's reference shareholder, has irrevocably undertaken to subscribe for the entire unsubscribed balance through the offsetting of its €9.8m receivable from Innovatec.

A 7.2 exchange ratio valuing ESI at approximately €1.28 per share

The merger exchange ratio has been set at 36 Innovatec shares for every 5 ESI shares, equivalent to 7.2 Innovatec shares per ESI share, with no cash adjustment. As Innovatec already owns 32.4% of ESI, these shares will be cancelled without exchange. Only the 67.5% held by minority shareholders will give rise to the issuance of new shares, representing approximately 36.6m shares. Based on Innovatec's share price on 25 May (€0.178), the implied valuation of 100% of ESI's equity stands at approximately €9.7m, or around €1.28 per ESI share. This is materially



below our latest target price of €2.12. The exchange ratio remains subject to certification by the independent expert appointed by the competent court, which is a condition precedent to the transaction.

Compelling financial and operational rationale

Beyond the transaction mechanics, the rationale for the combination appears compelling. From an operational standpoint, the two companies are highly complementary. Innovatec brings a steadily growing pipeline of photovoltaic and BESS projects, while ESI contributes its expertise as an EPC contractor and systems integrator, its leadership position in the Italian revamping market, and a nascent IPP activity. Together, they cover the full value chain, from ready-to-build projects through to proprietary power generation.

From a financial standpoint, the benefits are equally tangible. These include the elimination of duplicate corporate and listing costs, with management indicating total savings of €1.0m, the pooling of engineering and construction capabilities, with synergies not quantified at this stage, and, above all, a transformed credit profile. The combined entity should benefit from more diversified cash flows and a broader equity base following the capital increase, facilitating access to bank financing and project finance, which remains the key enabler of the IPP model.

At this stage, given that Innovatec is a customer of ESI, which implies the potential existence of significant intragroup flows, we cannot precisely quantify the size of the combined entity. As a reference point, Innovatec reported revenues of €26.7m in 2025, EBITDA of €-2.4m and net income of €-4.7m.

Timetable and additional information

Under the terms of the shareholders' agreement signed between Integra and Sostenya, Riccardo Di Pietrogiacomo, ESI's current CEO, will be appointed CEO of Innovatec within 15 days following execution of the merger deed. On a pro forma basis, the share capital of the combined entity would be held 47.2% by Sostenya Group, 8.3% by Integra and 44.6% by the market, providing a substantial free float that should improve the stock's liquidity.

The indicative timetable is as follows. The capital increase is expected to close on 18 June, the merger plan should be approved by the boards by 30 June, extraordinary shareholders' meetings should be held no later than 31 August, and the merger deed is expected by year-end 2026. The development plan for the combined entity is expected to be communicated to the market by the end of September.

Recommendation

Following this announcement, and pending the outcome of the transaction, we place our recommendation Under Review, from Buy previously.



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 2025, 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.

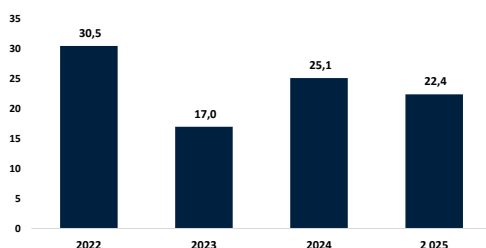
A winning three-pillar business model. ESI has historically been an EPC contractor and system integrator. More recently, the group has also launched an independent energy production business on its own behalf. By entering the IPP segment, ESI aims to generate recurrent, high-margin revenue streams and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

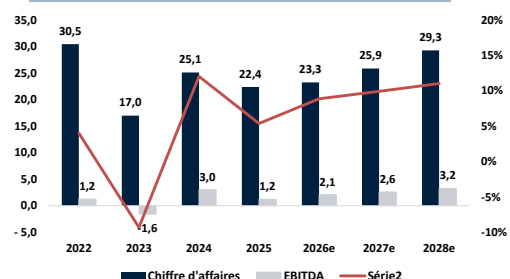
Peer group - valuation multiples

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, 2022-2025 (€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	1,2	1,2	1,2
Average market capitalization (€m)	14,0	15,1	12,4	9,9	9,0	9,0	9,0
(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	10,4	10,8	11,0
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	5,0x	4,2x	3,4x
EV/EBIT	22,9x	ns	5,9x	20,9x	8,3x	6,8x	5,2x
P/E	ns	ns	10,6x	51,7x	11,2x	8,6x	6,3x
P/B	4,1x	5,2x	3,1x	2,3x	1,8x	1,5x	1,2x
P/CF	ns	23,8x	5,6x	64,5x	3,8x	3,4x	2,9x
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 +5% 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 -5% 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: From 13/11/2025 to 10/06/2026

Accumulate: (-)

Neutral: (-)

Reduce: (-)

Sell: (-)

Under review: Since 11/06/2026

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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EuroLand Corporate
17 avenue George V
75008 Paris
01 44 70 20 80

