

ESI

Sector: Industrial

2H results below our estimates

ESI reported a set of 2H22 numbers below our expectations (top line and profitability) and weak order intake. We believe that the current inflationary environment has postponed investments in new plants, which could possibly result in a sustained order intake in the coming months. The company was also impacted by ca. 800k write off in 2H, mostly receivables towards the former Spanish subsidiary. Considering the weak order intake since Sept 2022, as well as the fact that projects in EPC usually take around 10 months from inception to completion (while System Integration ones take around 6-8 months), we cut our top line and EBITDA estimates for FY23/24. We still believe that the partnership with Innovatec could start to bear fruits in FY23. We confirm our BUY rating but we cut our TP from Eu3.9 to Eu3.0. Despite the revision of our estimates, ESI is trading at 47% discount to Comal on 2023 EV/EBITDA.

- 2H22 revenues below our expectations.** ESI reported a weak 2H22, at Eu15.6mn (up from Eu3.5mn but >10% below our est. Eu17.4mn). While the divisional split was not provided by the company, we expect >80% to come from the EPC division. The miss in top line came with a Dec 22 backlog of Eu15.3mn vs ca. Eu45mn expected. We believe that the strong gap is the result of: 1) a change in the definition of backlog, now excluding framework agreements (for around Eu20mn); 2) a lower than expected order intake in 2H22 (for 10mn). We believe that backlog from the System Integration business unit is close to zero as of Dec 2022, which in turn should limit margin expansion in the next year (as system integration projects are normally accompanied by a higher marginality than EPC ones).
- Profitability falls short of expectations, but better than expected FCF.** ESI reported a weak Adj. EBITDA for 2H22, at Eu0.4mn (vs -Eu0.1mn in 2H21 and 70% below out estimated Eu1.5mn), resulting in a full year of Eu1.2mn (vs Eu0.1mn in FY21 and 46% below our expectations). Adj. EBITDA margin came out at 2.8% in 2H (vs -2.6% in 2H21 but only 1/3 of our est. 8.4%), with FY22 landing at Eu1.2mn (up from Eu0.1mn in FY21 but 37% below our est.). The adjustments at EBIT level reflect a receivable write-off for Eu500k towards the former Spanish subsidiary. Furthermore, the group has made use of the faculty to suspend D&A for an amount of Eu0.3mn. Adj. Net Profit landed at Eu0.2mn in 2H22 (vs Eu0.1mn in 2H21 and our est. Eu1.0mn) and at Eu0.5mn in FY22 (vs Eu0.1mn and Eu1.3mn est.). Adjustments at net profit reflect a write-off of a financial credit (Eu0.38mn) on top of the previous one. The NFP at YE22 was stronger than expected, at cash-positive Eu2mn vs Eu5.7mn in June 2022 and our est. Eu0.8mn. However, we believe that the result was helped by factoring of receivables.
- The Italian reference market is in a good shape. Partnership with Innovatec could start to bear fruits in 2023.** Despite a positive comment on the Italian reference market in 2023, the management did not release any outlook or guidance for 2023. However, we believe that the partnership with Innovatec could start to bear fruits in FY23. Innovatec should become an important industrial partner for ESI, through the origination of EPC contracts related to large industrial (>1MW) PV installations. In its last press release, Innovatec also stated that its new PV Photovoltaic B2B division will leverage on the expertise of ESI to produce PV plants to be sold under a turn-key logic.
- Substantial cut in estimates.** Considering the limited order intake in 2H22 and the first few months of 2023, as well as the fact that projects in EPC usually take around 10 months from inception to completion (while System Integration ones take around 6-8 months), we cut our top line for FY23/FY24 by 10%/21%. Our estimates imply an order intake for FY23 of ca. Eu35mn. On the back of the lower than expected profitability in 2H22, as well as the reduction in top line, we also cut our EBITDA estimates by 30% for 2023/24.
- We confirm our BUY rating and cut our TP to Eu3.0/share.** ESI has underperformed its peers over the last 6 months, decreasing by 20% (vs a positive +31% median stock price increase of its panel of comparables). We confirm our BUY rating but we cut our TP from Eu3.9 to Eu3.0 on the back of a substantial decrease in estimates. Our valuation is based on the avg. of Comal's multiples (avg. 23E-24E EV/EBITDA with 15% discount) and DCF. Our numbers do not incorporate the announced rights issue, for up to Eu3.5mn, to support the business expansion in Italy and abroad.

BUY

Unchanged

TP 3.0

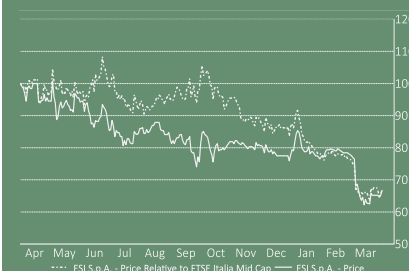
From 3.9

Target price upside: 42%

Change in EPS est.	FY22A	FY23E
	-60.5%	-42.7%

Ticker (BBG, Reut)	ESI IM	ESI.MI
Share price Ord. (Eu)		2.1
N. of Ord. shares (mn)		7.2
Total N. of shares (mn)		7.2
Market cap (Eu mn)		15
Total Market Cap (EU mn)		15
Free Float Ord. (%)		34%
Free Float Ord. (Eu mn)		5
Daily AVG liquidity Ord. (Eu k)		38

	1M	3M	12M
Absolute Perf.	-16.5%	-16.2%	-36.1%
Rel.to FTSEMidCap	-14.0%	-27.2%	-36.2%
52 weeks range		2.0	3.2



	FY22A	FY23E	FY24E
Sales	31	35	37
EBITDA adj.	1.2	2.5	3.5
Net profit adj.	0.5	1.3	1.9
EPS adj.	0.075	0.187	0.276
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.	5.6x	3.6x	2.3x
P/E adj.	11.2x	7.6x	5.9x
Dividend yield	0.0%	0.0%	0.0%
FCF yield	-9.3%	12.1%	15.2%
Net debt/(Net cash)	(2.0)	(0.6)	(2.4)
Net debt/EBITDA	nm	nm	nm

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Financial Summary

P&L account (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Total Revenues	5.5	30.5	35.4	37.0	42.6
First margin	nm	nm	nm	nm	nm
EBITDA reported	0.1	1.2	2.5	3.5	4.4
D&A	0.0	(0.5)	(0.6)	(0.7)	(0.8)
EBIT reported	0.1	0.7	1.9	2.8	3.6
Net financial charges	(0.0)	(0.7)	(0.1)	(0.1)	(0.1)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	0.0	0.0	1.8	2.7	3.5
Taxes	0.1	(0.2)	(0.5)	(0.8)	(1.0)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	0.1	(0.2)	1.3	1.9	2.5
EBITDA adjusted	0.1	1.2	2.5	3.5	4.4
EBIT adjusted	0.1	1.2	1.9	2.8	3.6
Net profit adjusted	0.1	0.5	1.3	1.9	2.5

Margins (%)	FY21A	FY22A	FY23E	FY24E	FY25E
First margin	nm	nm	nm	nm	nm
EBITDA margin	1.4%	4.0%	7.2%	9.4%	10.3%
EBITDA margin (adj)	1.4%	4.0%	7.2%	9.4%	10.3%
EBIT margin	1.4%	2.4%	5.4%	7.5%	8.4%
EBIT margin (adj)	1.4%	4.0%	5.4%	7.5%	8.4%
Pre-tax margin	0.7%	0.0%	5.1%	7.2%	8.1%
Net profit margin	2.1%	-0.7%	3.7%	5.2%	5.8%
Net profit margin (adj)	2.1%	1.7%	3.7%	5.2%	5.8%

Growth rates (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	nm	nm	16.2%	4.5%	15.1%
EBITDA	nm	nm	107.4%	36.6%	26.8%
EBITDA adjusted	nm	nm	107.4%	36.6%	26.8%
EBIT	nm	nm	166.7%	45.1%	28.1%
EBIT adjusted	nm	nm	56.6%	45.1%	28.1%
Pre-tax	nm	nm	nm	47.6%	29.2%
Net profit	nm	nm	nm	47.6%	29.2%
Net profit adjusted	nm	nm	148.7%	47.6%	29.2%

Per share data	FY21A	FY22A	FY23E	FY24E	FY25E
Shares	6.998	6.998	6.998	6.998	6.998
N. of shares AVG	6.998	6.998	6.998	6.998	6.998
N. of shares diluted AVG	7.228	7.228	7.228	7.228	7.228
EPS	0.016	(0.032)	0.187	0.276	0.356
EPS adjusted	0.016	0.075	0.187	0.276	0.356
DPS - Ord.	0.000	0.000	0.000	0.000	0.000
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	0.556	0.495	0.682	0.957	1.314

Enterprise value (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Share price Ord. (Eu)	2.9	2.1	2.1	2.1	2.1
Market cap	20.4	14.7	14.7	14.7	14.7
Net debt/(Net cash)	(1.0)	(2.0)	(0.6)	(2.4)	(4.6)
Adjustments	0.0	0.1	0.1	0.1	0.1
Enterprise value	19.4	12.8	14.2	12.4	10.2

Cash flow (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
EBITDA reported	0.1	1.2	2.5	3.5	4.4
Net financial charges	(0.0)	(0.7)	(0.1)	(0.1)	(0.1)
Cash taxes	(0.1)	(0.2)	(0.5)	(0.8)	(1.0)
Ch. in Working Capital	0.7	1.3	(2.8)	(0.3)	(0.5)
Other Op. items	0.0	0.1	0.0	0.0	0.0
Operating cash flow	0.6	1.7	(0.9)	2.3	2.8
Capex	(0.8)	(0.4)	(0.5)	(0.5)	(0.6)
FCF	(0.2)	1.3	(1.4)	1.8	2.2
Disposals/Acquisitions	(0.0)	0.0	0.0	0.0	0.0
Changes in Equity	0.2	(0.2)	0.0	0.0	0.0
Others	(1.4)	(0.1)	0.0	0.0	0.0
Dividends	(0.0)	0.0	0.0	0.0	0.0
Ch. in NFP	(1.4)	0.9	(1.4)	1.8	2.2

Ratios (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Capex/Sales	15.5%	1.4%	1.4%	1.4%	1.4%
Capex/D&A		0.8x	0.8x	0.8x	0.7x
FCF/EBITDA	-289.3%	102.4%	-54.0%	51.4%	51.0%
FCF/Net profit	-197.9%	-556.8%	-104.8%	92.4%	89.9%
Dividend pay-out	0.5%	0.0%	0.0%	0.0%	0.0%

Balance sheet (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Working capital	0.7	(0.7)	2.1	2.4	3.0
Fixed assets	2.2	2.3	2.1	2.0	1.7
Provisions & others	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Net capital employed	2.9	1.5	4.2	4.3	4.6
Net debt/(Net cash)	(1.0)	(2.0)	(0.6)	(2.4)	(4.6)
Equity	3.9	3.5	4.8	6.7	9.2
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Working capital/Sales	12.1%	-2.3%	6.0%	6.6%	6.9%
Net debt/Equity	nm	nm	nm	nm	nm
Net debt/EBITDA	nm	nm	nm	nm	nm

Valuation	FY21A	FY22A	FY23E	FY24E	FY25E
EV/CE		8.1x	3.3x	2.8x	2.2x
P/BV		4.2x	3.1x	2.2x	1.6x
EV/Sales		0.4x	0.4x	0.3x	0.2x
EV/EBITDA		nm	5.6x	3.6x	2.3x
EV/EBITDA adjusted		nm	5.6x	3.6x	2.3x
EV/EBIT		nm	7.4x	4.5x	2.9x
EV/EBIT adjusted		nm	7.4x	4.5x	2.9x
P/E		nm	11.2x	7.6x	5.9x
P/E adjusted		nm	11.2x	7.6x	5.9x
ROCE pre-tax		54.6%	65.5%	63.9%	78.2%
ROE		15.2%	27.4%	28.8%	27.1%
EV/FCF		nm	-10.4x	7.0x	4.5x
FCF yield		nm	-9.3%	12.1%	15.2%
Dividend yield		0.0%	0.0%	0.0%	0.0%

Share price performance

Stock price at historic lows



Source: Factset

Valuation

De-rating continues, with EV/EBITDA at its lows



Source: Factset

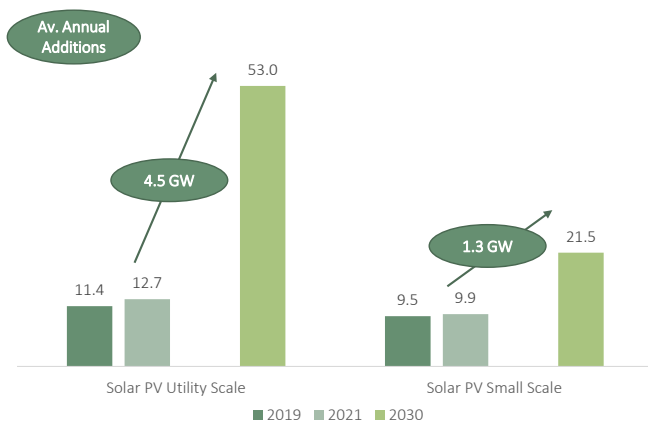
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Key Charts

Utility-scale Solar PV market

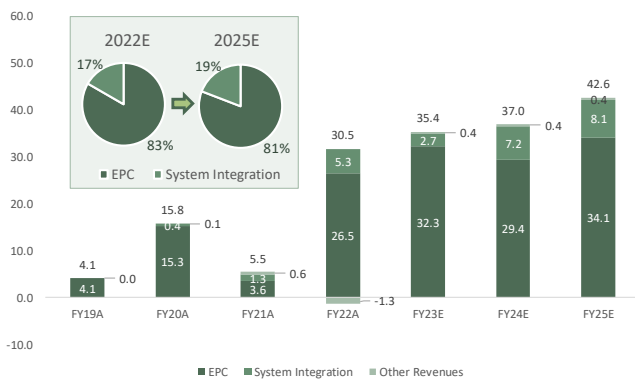
Ambitious targets should boost the solar PV utility scale market in Italy



Source: SNAM, Terna, GSE, Alantra

Evolution of Revenues

Revenues growth back on track from 2024



Source: ESI, Alantra

Evolution of FCF

Positive FCF generation from 2024



Source: ESI, Alantra estimates

An established presence in EPC and System Integration

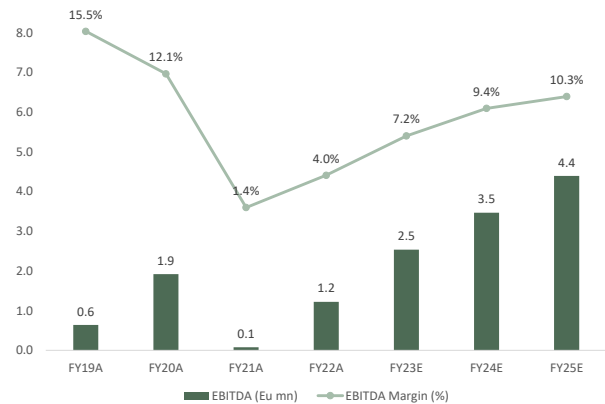
ESI has a substantial track record in both EPC and System Integration



Source: ESI, Alantra estimates

Evolution of EBITDA (Eu mn) and EBITDA margin (%)

EBITDA margin to double-digit grounds from 2025



Source: ESI, Alantra estimates

Evolution of net cash (Eu mn)

Prudent NWC management and low CAPEX requirements to boost Net Cash



Source: ESI, Alantra estimates

Background

ESI (Energy System Integrator) is an EPC and electrification player acting in the growing PV market, both in Italy and internationally. The company was established in 2018 through the spin-off of the renewable business of Work System Srl (a company with a track record of 15+ years in the EPC and off-grid fields), with the objective to create a business focused on renewable energies. ESI mainly manages two business areas: (i) EPC (74% of 1H 2022 sales), where the company acts as a general contractor of utility-scale PV plants in developed countries (mostly Italy) with a portfolio of prestigious clients (utilities and specialised funds); (ii) System Integration (25%), which includes the development of PV and Hybrid off-grid plants for the electrification of remote areas, as well as the creation of energy storage systems. This division includes special electrification projects in geographies like Congo, Burundi, Uganda, Rwanda, Mozambique, Eritrea and Ethiopia, commissioned primarily by non-profit organizations, foundations, NGOs.

ESI has recently changed its main shareholder, with the acquisition of a 29.58% stake (at a price of Eu3.145/share) by Innovatec from Integra (the holding company 50-50 owned by the two founders), whose stake now stands at 26.18%. Innovatec should become an important industrial partner for ESI, through the origination of EPC contracts related to large industrial (>1MW) PV installations.

Positioning

In the EPC business, ESI boasts a proven track record and a substantial backlog (despite the weak order intake since Sept 2022, which negatively affected backlog at Dec 2022) that should trigger a strong expansion in the years ahead.

Furthermore, the company is also present in off-grid projects in remote areas, where few players are active in the geographies targeted by ESI (the company primarily competes with only 5 international players and other smaller regional players). ESI has substantial expertise and track record in the development of electrification projects, which make it a partner of choice for off-grid projects in remote areas. Furthermore, ESI has a proven business model that allows it to be extremely flexible (project-base employment, leveraging on local hiring) and work under difficult circumstances.

Growth

ESI is positioned to benefit from a booming market. On the back of the EU's objective of net-zero greenhouse gas emissions by 2050, Europe plans to increase its current solar PV capacity (209 GW in 2022) to 600 GW in 2030. Italian utility-scale PV capacity is expected to grow to 53 GW by 2030, with an avg. annual addition of ca. 4.5 GW. Least Developed Countries (LDCs) are dealing with a different topic: the lack of electricity. According to ESMAP and The World Bank, the mini-grid market foresees investments between USD62bn and USD98bn in the period 2021-2030 to electrify remote areas around the world.

After substantial up-and-downs in revenues in 2020 and 2021, the company is now running at full speed. In 1H 2022 ESI reported Eu14.9mn sales (versus Eu1.9mn in 1H21) with 5.3% EBITDA margin. However, limited order intake in 2H22 and the first months of 2023 shows possible signs of slowdown. With System Integration increasingly becoming more relevant, operational leverage and raw material costs normalization, Adj. EBITDA is expected to reach Eu4.4mn in FY25E (up from Eu1.2mn in 2022), with a margin of 10.3% (vs 4.0% in FY22).

Strategy

In EPC, ESI should concentrate mainly on two objectives: the expansion of the client base and the diversification of the target market. While the company is now working almost solely with 3 large clients (Enel Green Power, Edison and Tages) in the EPC business, ESI should intensify its commercial efforts to address new clients active in the development of PV plants, such as BP and Iberdrola. At the same time, we believe that ESI should increase its exposure to large industrial PV EPC business (installations above 1MW), beginning to benefit from the recent agreement with Innovatec. The industrial business should also allow ESI to implement subsequent upselling of energy storage capacity solutions.

We believe that, in System Integration, ESI should leverage on its track record to win new tenders mainly in Africa and Island Nations, and possibly expand to Southeast Asia (another major geography for the mini-grid and electrification markets), making this line of business more relevant on the overall top line in the future.

Strengths

Strong track record with large clients on solar PV EPC business in Italy
Strong competitive positioning in mini-grid and off-grid in target markets
Diligent NWC management and conservative approach to new tenders

Weaknesses

Lack of leading positioning in the Italian EPC market
Strong concentration on few large clients/projects
Dependency on the expertise, knowledge and network of the two co-founders

Opportunities

Expansion of the system integration business into new geographies (e.g. Southeast Asia)
Expansion of the client base in Italian EPC targeting new large utilities
Expansion to large industrial solar PV EPC thanks to the partnership with Innovatec

Threats

Internalization of PV EPC practice from large utilities
Entrance of additional large EPC players in the mini-grid and off-grid market
Miss on delivery from the partnership with Innovatec

Key shareholders

Genkinn S.r.l. (Innovatec) - 29.53%
Integra S.r.l. - 26.18%
Exacto S.p.A. - 9.93%
Free Float - 34.36%

Management

Riccardo Di Pietrogiacomo, Co-Founder & Co-CEO
Stefano Plocco, Co-Founder & Co-CEO
Angelo Trementozzi, CFO
Felice Egidi, Chairman

Next events

1H23 - 30 June 2023

ALANTRA

Italian Equity Research

2H/FY22 results

2H/FY22 results

ESI reported a weak set of 2H22 numbers well below our expectations (both in terms of top line and profitability)

Eu mn	2H21A	2H22A	YoY %	Alantra		FY21A	FY22A	YoY %	Alantra	
				2H22E	A vs E				FY22E	A vs E
Revenues	3.5	15.6	nm	17.4	-10.3%	5.5	30.5	nm	32.3	-5.6%
EBITDA	(0.1)	0.4	nm	1.5	-70.1%	0.1	1.2	nm	2.3	-45.7%
<i>Ebitda Margin %</i>	-2.6%	2.8%		8.4%		1.4%	4.0%		7.0%	
EBIT	0.0	0.6	nm	1.3	-55.7%	0.1	1.2	nm	2.0	-37.3%
<i>Ebit Margin %</i>	0.7%	3.7%		7.5%		1.4%	4.0%		6.0%	
Pretax Profit	(0.0)	(0.5)	nm	1.3	nm	0.0	0.0	nm	1.9	-99.9%
<i>Pretax Margin %</i>	-0.3%	-3.3%		7.6%		0.7%	0.0%		5.7%	
Net Profit	0.1	(0.6)	nm	1.0	nm	0.1	(0.2)	nm	1.3	nm
<i>Net Profit Margin %</i>	2.9%	-3.6%		5.7%		2.1%	-0.7%		4.1%	
Restated Net Profit	0.1	0.2	nm	1.0	nm	0.1	0.5	nm	1.3	nm
<i>Net Profit Margin %</i>	2.9%	1.2%		5.7%		2.1%	1.7%		4.1%	
NFP at YE (debt)/cash	1.0	2.0		0.8		1.0	2.0		0.8	

Source: ESI, Alantra estimates

Revision of our FY estimates

New versus old estimates

Substantial cut in estimates, both in top and bottom lines

(Eu mn)	NEW Estimates			% Change			OLD Estimates		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Total Revenues / Value of Production	35.0	36.6	42.2	-10.4%	-21.3%	nm	39.1	46.6	nm
EBITDA Adjusted	2.5	3.5	4.4	-30.2%	-30.0%	nm	3.6	5.0	nm
EBIT Adjusted	1.9	2.8	3.6	-40.6%	-37.1%	nm	3.2	4.4	nm
Pretax Profit	1.8	2.7	3.5	-42.7%	-38.6%	nm	3.2	4.4	nm
Net profit	1.3	1.9	2.5	-42.7%	-38.6%	nm	2.3	3.1	nm
Net profit restated	1.3	1.9	2.5	-42.7%	-38.6%	nm	2.3	3.1	nm
EPS	0.187	0.276	0.356	-42.7%	-38.6%	nm	0.326	0.449	nm
Net financial position	0.6	2.4	4.6	-74.7%	-50.4%	nm	2.3	4.8	nm

Source: Alantra estimates

Peers

Trading multiples – ESI versus selected peers

ESI is trading at a >50% discount vs Comal on FY24 EV/EBITDA

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			EV/EBIT			PE			EV/Sales			
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	
ESI S.p.A.	ITALY	15	5.7 x	3.6 x	2.4 x	7.5 x	4.5 x	2.9 x	11.3 x	7.7 x	6.0 x	0.4 x	0.3 x	0.2 x	
Premium (discount) to Peers' Median			0%	-23%	-48%	9%	-26%	-44%	21%	-17%	-32%	-34%	-35%	-55%	
PEERS			Average	6.3 x	5.4 x	5.1 x	7.9 x	6.6 x	6.0 x	9.1 x	8.7 x	8.5 x	1.5 x	1.2 x	1.4 x
			Median	5.7 x	4.7 x	4.5 x	6.9 x	6.1 x	5.2 x	9.4 x	9.3 x	8.7 x	0.6 x	0.5 x	0.5 x
Comal S.p.A.	ITALY	41	10.8 x	8.8 x	6.9 x	14.2 x	11.2 x	8.7 x	na	na	na	0.8 x	0.7 x	0.5 x	
Renergetica SpA	ITALY	54	8.5 x	7.8 x	9.4 x	9.7 x	8.7 x	10.4 x	11.2 x	10.3 x	9.3 x	3.6 x	3.3 x	4.1 x	
Altea Green Power S.p.A.	ITALY	53	6.1 x	4.8 x	3.1 x	6.7 x	5.3 x	3.3 x	na	na	na	3.7 x	2.5 x	2.0 x	
Italian Solar PV EPC & Development			Average	8.5 x	7.2 x	6.5 x	10.2 x	8.4 x	7.5 x	11.2 x	10.3 x	9.3 x	2.7 x	2.1 x	2.2 x
			Median	8.5 x	7.8 x	6.9 x	9.7 x	8.7 x	8.7 x	11.2 x	10.3 x	9.3 x	3.6 x	2.5 x	2.0 x
MaireTecnimont SpA	ITALY	1,301	5.2 x	4.6 x	3.9 x	6.7 x	6.1 x	5.2 x	10.9 x	9.9 x	9.1 x	0.3 x	0.3 x	0.3 x	
Tecnicas Reunidas SA	SPAIN	565	2.6 x	2.1 x	2.0 x	3.1 x	2.5 x	2.4 x	6.5 x	6.0 x	7.2 x	0.1 x	0.1 x	0.1 x	
Elecnor S.A.	SPAIN	1,005	4.9 x	4.3 x	5.1 x	7.1 x	6.2 x	na	7.9 x	8.6 x	8.3 x	0.4 x	0.4 x	na	
Diversified EPC Contractors			Average	4.2 x	3.7 x	3.7 x	5.6 x	4.9 x	3.8 x	8.4 x	8.2 x	8.2 x	0.3 x	0.3 x	0.2 x
			Median	4.9 x	4.3 x	3.9 x	6.7 x	6.1 x	3.8 x	7.9 x	8.6 x	8.3 x	0.3 x	0.3 x	0.2 x

Source: Factset, Alantra

Financials – ESI versus selected peers

ESI should exhibit larger margins vs its main peer Comal

Company	Country	Mkt Cap (Eu mn)	FY23E - FY25E average margins					CAGR FY22A - FY25E				
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	Net profit	
ESI S.p.A.	ITALY	15	8.9%	7.1%	4.9%	1.4%	0.0%	11.8%	53.2%	70.5%	-323.0%	
PEERS			Average	21.4%	18.8%	13.4%	2.5%	24.4%	16.0%	26.0%	47.6%	-49.3%
			Median	8.2%	6.0%	3.3%	2.2%	28.5%	9.3%	21.3%	28.9%	7.0%
Comal S.p.A.	ITALY	41	7.6%	5.9%	3.3%	2.0%	na	29.2%	28.3%	28.9%	na	
Renergetica SpA	ITALY	54	42.7%	38.0%	31.9%	0.6%	na	9.3%	5.6%	7.4%	9.4%	
Altea Green Power S.p.A.	ITALY	53	58.5%	53.9%	37.1%	4.1%	na	35.3%	28.4%	29.0%	na	
Italian Solar PV EPC & Development			Average	36.3%	32.6%	24.1%	2.2%	na	24.6%	20.8%	21.8%	9.4%
			Median	42.7%	38.0%	31.9%	2.0%	na	29.2%	28.3%	28.9%	9.4%
MaireTecnimont SpA	ITALY	1,301	6.6%	5.0%	3.0%	2.5%	44.6%	9.3%	14.3%	14.0%	16.9%	
Tecnicas Reunidas SA	SPAIN	565	4.4%	3.7%	2.1%	0.3%	0.0%	-2.8%	72.5%	158.9%	-228.1%	
Elecnor S.A.	SPAIN	1,005	8.8%	6.1%	3.4%	5.7%	28.5%	na	6.7%	na	4.5%	
Diversified EPC Contractors			Average	6.6%	5.0%	2.8%	2.8%	24.4%	3.2%	31.1%	86.4%	-68.9%
			Median	6.6%	5.0%	3.0%	2.5%	28.5%	3.2%	14.3%	86.4%	4.5%

Source: Factset, Alantra

Performance – ESI versus selected peers

Performance well below peers in the last year

Company	Country	Mkt Cap (Eu mn)	Performance						
			1M	3M	6M	1YR	3YR	5YR	YTD
ESI S.p.A.	ITALY	14	-16.5%	-16.2%	-19.8%	-36.1%	na	na	0.0%
PEERS	Average		1.5%	20.5%	32.9%	27.1%	85.6%	-26.1%	20.5%
	Median		0.0%	19.2%	30.7%	16.1%	91.1%	-15.1%	19.2%
Comal S.p.A.	ITALY	41	1.4%	30.6%	26.4%	0.4%	na	na	30.6%
Renenergetica SpA	ITALY	54	-1.5%	-2.6%	-10.1%	-4.9%	124.1%	na	-2.6%
Altea Green Power S.p.A.	ITALY	53	14.8%	47.9%	34.9%	104.2%	na	na	47.9%
Italian Solar PV EPC & Development	Average		4.9%	25.3%	17.1%	33.2%	124.1%	na	25.3%
	Median		1.4%	30.6%	26.4%	0.4%	124.1%	na	30.6%
MaireTecnimont SpA	ITALY	1,301	3.6%	27.6%	63.7%	26.3%	173.9%	-5.3%	27.6%
Tecnicas Reunidas SA	SPAIN	565	-7.1%	10.7%	68.3%	30.5%	-13.7%	-57.9%	10.7%
Elecnor S.A.	SPAIN	1,005	-2.1%	9.0%	14.4%	6.0%	58.2%	-15.1%	9.0%
Diversified EPC Contractors	Average		-1.9%	15.8%	48.8%	20.9%	72.8%	-26.1%	15.8%
	Median		-2.1%	10.7%	63.7%	26.3%	58.2%	-15.1%	10.7%

Source: Factset, Alantra

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