Company:	Rating:	Target Price:	Sector:
DEA S.p.A.	**BUY (unchanged)**	**€14.3 (from €15.7)**	**Electric Utilities**

Regulated growth, unregulated discount

October 23, 2026 at 08:00

1H26 results: revenues +8.6%, EBITDA margin up to 42.7%, net debt up

In 1H26, DEA reported sales revenues of €20.2mln (+8.6% yoy), with growth across all business lines: *Electricity Dist. & Met.* rose 8.2% to €17.0mln (84% of sales) and *Public Lighting* 10.6% to €2.5mln. VoP rose a more modest 3.4% to €22.3mln, as capitalised internal works fell 35% after the 2G smart meter roll-out was completed. EBITDA grew 16.1% to €8.6mln, already covering 52.7% of our previous FY26E estimate, with the margin on revenues up 2.8pp to 42.7% [*Please refer to our Company Update dated April 29, 2026*]. Group net profit rose 17.0% to €3.2mln despite a higher tax rate (34% vs 31%) driven by the IRAP surcharge. Net debt rose to €14.0mln (from €5.0mln at YE25). This reflects a €6.9mln working capital absorption, mainly the €5.9mln 2024 equalisation payment to CSEA and ~€2mln from earlier CSEA settlements, together with €5.7mln CapEx and €2.4mln dividends. Leverage remains low at 0.8x net debt/LTM EBITDA.

Italian DSOs: consolidation continues, concession decree still pending

Per ARERA's 2026 Annual Report, Italian DSOs fell to 110 at YE25 (137 in 2015) with PoDs stable at 37.5mln, lifting avg PoDs/operator to ~341k (from ~269k). The 11 operators >100k PoDs (now incl. A2A's Duereti) serve 98.5% of PoDs; DEA ranks 12th, the largest below that threshold. The MASE concession decree is still pending MEF sign-off, with ARERA postponing related tariff provisions (res. 77/2026). ARERA approved definitive 2024 tariffs (res. 106/2026) and provisional 2026 tariffs, with WACC at 5.6% (res. 224/2026), and confirmed the parametric regime for DSOs <25k PoDs over 2026-31 (res. 142/2026). DL 21/2026 added a +2pp IRAP surcharge for FY26-27 and brought forward CSEA system charge payments.

Strategy: 100k PoD target confirmed, governance streamlined

With no quantitative guidance, management flagged three points: net debt improving in 2H26 on equalisation advances (Art. 39 TIT), PNRR grid resilience projects entering service by end-2026, and the 100k PoD threshold as a primary strategic objective. On 21 October, DEA (91.2k PoDs) started negotiations to acquire e-distribuzione's ~20k PoDs in Sanremo, which would take it above that level, with closing expected by December 2027. Governance was streamlined: the network agreement and co-employment regime with Astea ended, the General Manager's functions passed to the CEO, the CFO moved onto DEA's payroll and the August AGM renewed two Board seats. A liquidity-support buyback has been active since June 2026.

2026-28E: EBITDA up ~4%, interest and taxes weigh on net profit

We raise FY26E revenues by 2.5% to €41.2mln and FY27–28E by ~3% to €42.3mln/€43.2mln, driven by stronger distribution revenues. FY26E EBITDA rises 4.1% to €17.1mln (41.4% margin on revenues), with FY27–28E at €17.5mln/€17.8mln, as lower raw material costs more than offset higher services and personnel costs. FY26E net profit is raised 4.3% to €6.5mln, while FY27–28E is cut by 1.0% and 3.7% to €6.5mln/€6.8mln. Two factors drive the cut: higher net financial charges (€1.4mln p.a.), and a baseline tax rate raised to 30.8% (from 28.7%), implying 32.8% in FY26–27E including the IRAP surcharge. We now keep NWC at ~-€5.3mln, conservatively excluding the 2H26 reversal expected by management. This lifts FY26E net debt to €12.7mln (from €7.3mln), with net debt/EBITDA falling from 0.7x to 0.3x by FY28E. CapEx is unchanged.

Valuation: TP cut to €14.3/share (from €15.7), BUY reiterated

Our TP of €14.3/share (from €15.7) is the weighted average of our SOTP (80%) at €13.1/share (from €14.2) and EV/EBITDA multiples (20%) at €18.9/share (from €22.0). The cut mainly reflects the deduction of 1H26 net debt (€14.0mln vs €5.0mln at YE25) in our SOTP, which reaches a €119.0mln EV (from €117.3mln) at a higher WACC of 6.6% (from 6.3%). For *Electricity Dist. & Met.*, we use 2H26–30E FCF plus the FY25 RAB of €87.8mln as a terminal value proxy. For *Public Lighting*, we use 2H26–47E FCF with no terminal value. The multiples valuation applies peer median EV/EBITDA of 9.9x FY27E and 8.8x FY28E (from 10.8x on 2026–27E), deriving a €165mln EV (from €179mln). DEA trades at 4.2x FY27E EV/EBITDA vs peers' 9.9x and at 0.7x P/BV vs 1.9x, with a much stronger balance sheet. Given the upside to our target price, we reiterate our BUY rating.

Company Profile	
Bloomberg	DEA IM
FactSet	DEA-IT
Stock exchange	Italian Stock Exchange
Reference Index	FTSE Italia Growth Index
Market Data	
Price (as of October 22, 2026)	€ 7.4
Number of shares (mln)	7.9
Market cap. (mln)	€ 58.2
1-Year Performance	
Absolute	-5%
Max/Min	€ 9.5/€ 7.4

(€mln)	2024	2025	2026E	2027E	2028E
Revenues	**33.0**	**39.4**	**41.2**	**42.3**	**43.2**
yoy	*108.9%*	*19.5%*	*4.6%*	*2.6%*	*2.3%*
VoP	**36.7**	**45.4**	**44.8**	**45.9**	**46.8**
EBITDA	**13.6**	**16.6**	**17.1**	**17.5**	**17.8**
EBITDA margin	*37.1%*	*36.5%*	*38.1%*	*38.1%*	*38.0%*
EBIT	**8.5**	**10.5**	**11.0**	**11.1**	**11.2**
EBIT margin	*23.0%*	*23.1%*	*24.6%*	*24.2%*	*23.9%*
Net Profit/(Loss)	**5.7**	**6.6**	**6.5**	**6.5**	**6.8**
Net Profit margin	*15.4%*	*14.5%*	*14.4%*	*14.2%*	*14.5%*
Net Debt/(Cash)	**6.6**	**5.0**	**12.7**	**9.0**	**4.8**
Cons. Equity	81.0	85.6	89.8	94.0	98.4
CapEx	20.9	15.2	10.8	6.8	6.8
Unlevered FCF	**(11.7)**	**(1.2)**	**1.2**	**6.9**	**7.4**

1-Year Performance



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Contents

Contents 2
SWOT analysis 3
The reference industry 4
Italian electricity distribution 4
Regulatory update 5
1H26 results 6
Strategy and Estimates 10
Strategic guidelines 10
Our 2026-28E 11
Valuation 14
SOTP 14
Market multiples 16
TP & Rating 17
Appendix 18
Ownership & Corporate structure 18
Disclaimer 20

SWOT analysis

STRENGTHS	WEAKNESSES
• Regulated non-cyclical business • Economies of scale with lighting business • Low debt levels • Generous dividend policy • High marginality	• Multiple voting shareholder class (10 to 1) • Lower ROE • Capital intensive

OPPORTUNITIES	THREATS
• Sanremo deal (~20k PoDs) • Sector consolidation • Expansion of lighting in new municipalities • IoT / Data Management	• Competition for M&A targets from other aggregators or large multi-utilities • Regulatory changes

The reference industry

Italian electricity distribution

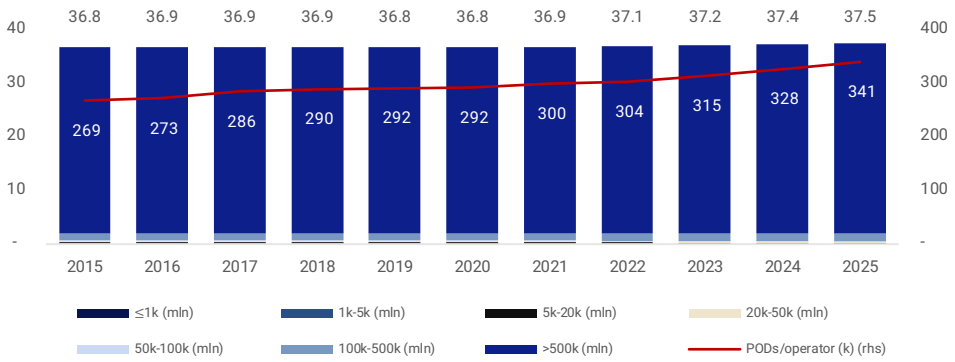
Fewer operators, stable PoDs: a consolidating sector

According to ARERA's 2026 Annual Report, 110 electricity distributors were registered in Italy at end-2025, four fewer than a year earlier, as five operators exited the sector, mainly through corporate transactions, and one entered. Withdrawal points rose 0.3% to 37.5mln (30.4mln domestic and 7.1mln non-domestic), with growth entirely driven by domestic users.

Over the last decade (2015–25), the number of operators fell from 137 to 110 (-2.2% CAGR), while withdrawal points remained broadly stable (36.8mln vs 37.5mln, +0.2% CAGR). The sector has therefore consolidated, with the average number of PoDs per operator rising steadily from ~269k in 2015 to ~341k at end-2025 (+2.4% CAGR).

The distribution network totals ~1.29mln km, 68.3% of which is low voltage, and shrank by ~3,300 km yoy.

Figure 1: PoDs by operator size (mln) and PoDs/operator (k)



Source: Banca Profilo elaborations on "Relazione Annuale 2026" by ARERA

A concentrated sector, with DEA the largest operator below 100k PoDs

The sector is highly concentrated. The 11 operators serving more than 100k PoDs account for 98.5% of withdrawal points, while the remaining 99 serve just 1.5%. Their number rose from a historical 10 after A2A's new company Duereti joined the largest class (>500k PoDs). That class also includes e-distribuzione (Enel), Unareti (A2A), Areti (Acea) and Ireti (Iren). e-distribuzione remains by far the leading player, with 82.9% of PoDs. The 100k–500k class is unchanged: Edyna, Set Distribuzione, Inrete Distribuzione Energia, V-Reti, Deval and AcegasApsAmga serve ~230k PoDs each on average.

Fragmentation is highest in Trentino-Alto Adige, home to 55 distributors managing 2.3% of the national network, followed by Lombardy and Sicily with 10 each.

In this landscape, DEA ranks 12th by both volumes and PoDs. It is one of only two operators in the 50k–100k class, with 85k PoDs at company level (~91k at group level including ASPM Soresina), making it the largest Italian distributor below the 100k threshold. The 97 smaller distributors, which together hold ~1% of volumes, are the natural pool for its consolidation strategy.

Figure 2: Distributors by PoD size class (#)

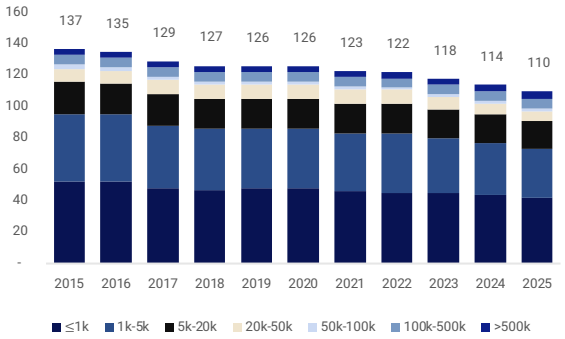
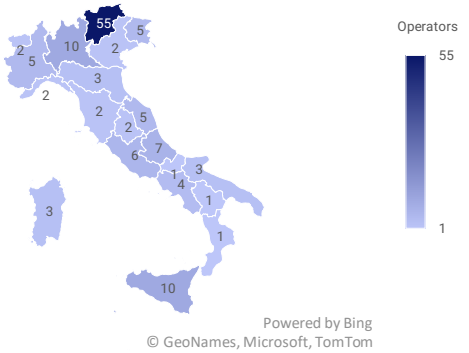
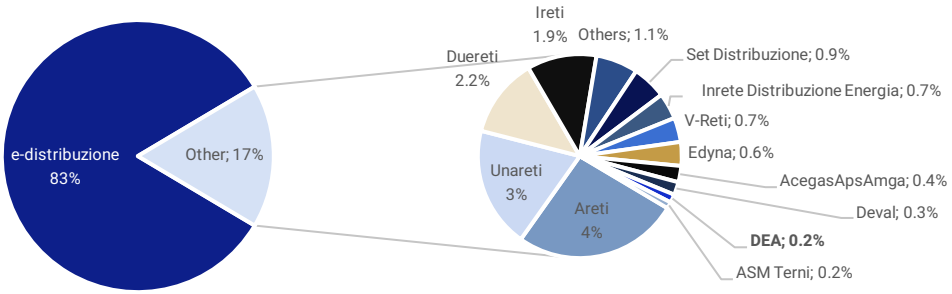


Figure 3: Distributors by region (#)



Source: Banca Profilo elaborations on "Relazione Annuale 2026" by ARERA

Figure 4: PoD market share by distributor



Source: Banca Profilo elaborations on "Relazione Annuale 2026" by ARERA

Regulatory update

Concession decree still pending; timeline uncertain

The implementing decree for the concession extension of up to 20 years under the 2025 Budget Law, originally due by end-June 2025, had still not been issued as of end-September 2026. In March 2026, the Environment Minister indicated that it was awaiting the Ministry of Economy's sign-off and was not a priority given the 2030 expiry. ARERA has accordingly postponed the definition of the tariff treatment of concession charges, originally due by end-March 2026, to eight months after the decree's publication (resolution 77/2026). The timeline therefore remains uncertain. Positively for DEA, ARERA's proposal envisages possible derogations for smaller operators and extensions for network perimeters resulting from aggregations.

2026 tariffs set; parametric regime confirmed for small distributors

On tariffs, ARERA approved the definitive 2024 reference tariffs, the first under ROSS-base (resolution 106/2026), after which DEA settled a €5.9mln equalisation balance in May 2026. ARERA also set the provisional 2026 reference tariffs and the updated 2026–27 capitalisation rates (resolution 224/2026), with the WACC confirmed at 5.6%.

For distributors with fewer than 25,000 PoDs, including ASPM Soresina Servizi, ARERA confirmed the parametric regime for 2026–31 (resolution 142/2026), with a zero X-factor on operating costs and a one-year regulatory lag, while the review of capital cost criteria has been deferred until the concession decree is issued.

Decreto Bollette: higher IRAP and earlier CSEA payments

Besides the 2pp IRAP surcharge for energy sector operators in FY26–27, the Decreto Bollette (D.L. 21/2026, converted into Law 49/2026 in April) brought forward by one month the transfer of ASOS and ARIM system charges to CSEA, implying a ~€2mln structural cash absorption for DEA in 1H26.

1H26 results

1H26 revenues: solid growth across all business lines

DEA reported 1H26 sales revenues of €20.2mln, up 8.6% yoy (total revenues including other income: €20.6mln, +8.8%), with growth across all business lines.

Electricity Distribution & Metering, which accounts for 84% of sales, grew 8.2% yoy to €17.0mln. The increase mainly reflects the provisional 2026 allowed revenues set under the ROSS-base tariff framework (ARERA Resolution 224/2026/R/eel), together with a slight expansion of the customer base (91.2k PoDs, +0.6% yoy). *Public Lighting* rose 10.6% yoy to €2.5mln (12% of sales), while *Other* activities grew 10.3% yoy to €0.8mln (4% of sales).

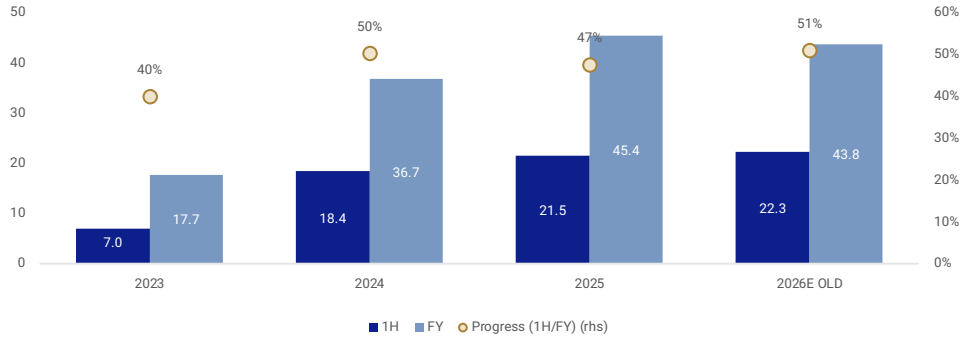
VoP grew more slowly, up 3.4% yoy to €22.3mln. Capitalised internal works fell 35% (€1.7mln vs €2.6mln) after the 2G smart meter roll-out was completed at end-2025, which partly offset the top-line growth. Overall, 1H26 sales revenues represent 50.3% of our previous FY26E estimate of €40.2mln, and VoP 50.8% of our previous €43.8mln FY26E figure.

Table 1: Revenue by segment (€mln)

Revenue by segment (€mln)	1H23	2023	1H24	2024	1H25	2025	1H26
Electricity Distribution & Metering	4.7	12.4	14.4	29.1	15.7	33.1	17.0
% on revenues	*75.6%*	*78.7%*	*87.2%*	*88.2%*	*84.3%*	*83.9%*	*84.1%*
yoy	*n.a.*	*n.a.*	*204.6%*	*134.0%*	*9.2%*	*13.7%*	*8.2%*
Public Lighting	1.1	2.4	1.6	3.0	2.2	4.8	2.5
% on revenues	*17.3%*	*15.4%*	*9.6%*	*9.0%*	*12.0%*	*12.1%*	*12.2%*
yoy	*n.a.*	*n.a.*	*46.7%*	*21.7%*	*41.0%*	*60.3%*	*10.6%*
Other	0.4	0.9	0.5	0.9	0.7	1.6	0.8
% on revenues	*7.1%*	*5.9%*	*3.2%*	*2.8%*	*3.7%*	*4.0%*	*3.7%*
yoy	*n.a.*	*n.a.*	*17.4%*	*0.6%*	*31.5%*	*70.5%*	*10.3%*
Revenues	**6.2**	**15.8**	**16.5**	**33.0**	**18.6**	**39.4**	**20.2**
yoy	*n.a.*	*n.a.*	*164.0%*	*108.9%*	*13.0%*	*19.5%*	*8.6%*

Source: Banca Profilo elaborations on Company data

Figure 5: VoP (€mln)



Source: Banca Profilo elaborations on Company data

Strong operating leverage, partly offset by higher financial charges and the IRAP surcharge

EBITDA grew 16.1% yoy to €8.6mln, already covering 52.7% of our previous FY26E estimate of €16.4mln, with the margin on sales revenues up 2.8pp to 42.7% (39.9% in 1H25), 1.9pp above our previous 40.8% full-year forecast. Raw material costs fell 28.8% yoy to €2.0mln. Capitalised internal works dropped by a similar amount (-€0.9mln), since both reflect the completion of the 2G smart meter roll-out. The two effects broadly cancel out at EBITDA level, so the margin expansion was essentially driven by top-line growth and tight control of operating costs. Services rose 3.4% yoy to €7.6mln (of which €3.6mln transmission and transport costs), and personnel costs increased 2.2% yoy to €3.5mln with a stable headcount of 99.

D&A was broadly flat at €3.0mln, so EBIT rose 26.3% yoy to €5.7mln, with the EBIT margin up 4.6pp to 25.4%. Net financial charges increased 40.3% yoy to €0.7mln mainly reflecting

discounting effects on receivables (€0.3mln) and interest on the securitisation. The tax rate rose to 34% from 31% in 1H25, as tax expense grew 39.3% yoy to €1.7mln. This was driven by the 2pp IRAP surcharge on energy companies introduced by Decree-Law 21/2026 for fiscal years 2026 and 2027. Consolidated net income reached €3.3mln (+18.2% yoy), and group net income €3.2mln (+17.0% yoy) after €0.1mln minorities.

Figure 6: Revenues (€mln) and EBITDA margin (%)

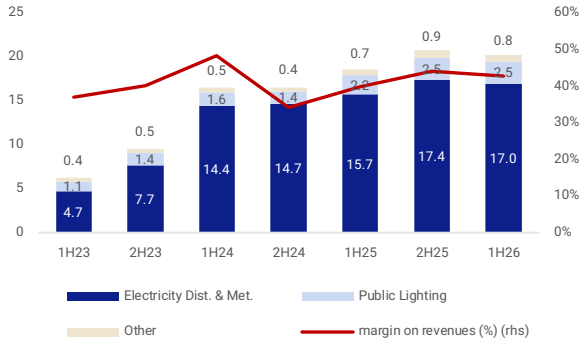
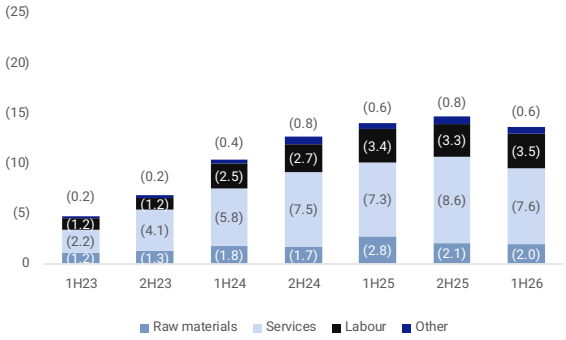


Figure 7: Costs breakdown (€mln)



Source: Banca Profilo elaborations on Company data

Table 2: Income statement (€mln)

Profit & Loss (€mln)	1H23	2023	1H24	2024	1H25	2025	1H26
Revenues	**6.2**	**15.8**	**16.5**	**33.0**	**18.6**	**39.4**	**20.2**
% on VoP	*88.7%*	*89.1%*	*89.5%*	*89.8%*	*86.6%*	*86.8%*	*90.9%*
yoy	*n.a.*	*n.a.*	*164.0%*	*108.9%*	*13.0%*	*19.5%*	*8.6%*
Capitalised internal work	0.6	1.8	1.8	3.5	2.6	5.1	1.7
% on VoP	*9.2%*	*10.0%*	*9.6%*	*9.4%*	*12.1%*	*11.3%*	*7.6%*
yoy	*n.a.*	*n.a.*	*171.6%*	*96.0%*	*48.1%*	*48.4%*	*-35.3%*
Other revenues	0.1	0.2	0.2	0.3	0.3	0.9	0.3
% on VoP	*2.1%*	*0.9%*	*0.9%*	*0.8%*	*1.3%*	*1.9%*	*1.5%*
VoP	**7.0**	**17.7**	**18.4**	**36.7**	**21.5**	**45.4**	**22.3**
yoy	*n.a.*	*n.a.*	*161.6%*	*107.3%*	*16.8%*	*23.6%*	*3.4%*
Raw, Ancillary, Consumable Materials	(1.2)	(2.4)	(1.8)	(3.4)	(2.8)	(4.9)	(2.0)
% on VoP	*-16.4%*	*-13.7%*	*-9.5%*	*-9.4%*	*-12.8%*	*-10.8%*	*-8.8%*
Cost of Services	(2.2)	(6.4)	(5.8)	(13.3)	(7.3)	(15.9)	(7.6)
% on VoP	*-31.7%*	*-35.9%*	*-31.3%*	*-36.1%*	*-34.1%*	*-35.0%*	*-34.1%*
Personnel Expenses	(1.2)	(2.4)	(2.5)	(5.2)	(3.4)	(6.7)	(3.5)
% on VoP	*-16.8%*	*-13.4%*	*-13.6%*	*-14.2%*	*-15.8%*	*-14.7%*	*-15.6%*
Other	(0.2)	(0.4)	(0.4)	(1.2)	(0.6)	(1.4)	(0.6)
% on VoP	*-2.3%*	*-2.3%*	*-2.3%*	*-3.3%*	*-2.7%*	*-3.0%*	*-2.7%*
EBITDA	**2.3**	**6.1**	**8.0**	**13.6**	**7.4**	**16.6**	**8.6**
EBITDA margin	*32.9%*	*34.6%*	*43.3%*	*37.1%*	*34.6%*	*36.5%*	*38.8%*
EBITDA margin (% on revenues)	*37.1%*	*38.9%*	*48.4%*	*41.3%*	*39.9%*	*42.1%*	*42.7%*
yoy	*n.a.*	*n.a.*	*244.5%*	*121.8%*	*-6.7%*	*21.9%*	*16.1%*
D&A	(1.3)	(3.2)	(2.3)	(5.1)	(2.9)	(5.9)	(3.0)
% on VoP	*-19.0%*	*-18.0%*	*-12.4%*	*-14.0%*	*-13.6%*	*-13.1%*	*-13.3%*
Provisions and write-downs	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.2)	(0.0)
% on VoP	*-0.4%*	*-0.4%*	*-0.2%*	*0.0%*	*-0.2%*	*-0.4%*	*-0.1%*
EBIT	**1.0**	**2.9**	**5.6**	**8.5**	**4.5**	**10.5**	**5.7**
EBIT margin	*13.5%*	*16.2%*	*30.6%*	*23.0%*	*20.8%*	*23.1%*	*25.4%*
Interest Income/(Expenses)	(0.1)	(0.2)	(0.3)	(0.1)	(0.5)	(1.1)	(0.7)
% on VoP	*-2.1%*	*-1.4%*	*-1.7%*	*-0.3%*	*-2.3%*	*-2.4%*	*-3.2%*
EBT	**0.8**	**2.6**	**5.3**	**8.4**	**4.0**	**9.4**	**5.0**
Pretax margin	*11.4%*	*14.9%*	*28.9%*	*22.8%*	*18.5%*	*20.7%*	*22.3%*
Taxes	(0.3)	(0.8)	(1.6)	(2.7)	(1.2)	(2.8)	(1.7)
Tax rate	*-33.7%*	*-31.2%*	*-30.1%*	*-32.3%*	*-30.6%*	*-30.1%*	*-34.2%*
Net Profit/(Loss)	**0.5**	**1.8**	**3.7**	**5.7**	**2.8**	**6.6**	**3.3**
Net Profit margin	*7.6%*	*10.2%*	*20.2%*	*15.4%*	*12.8%*	*14.5%*	*14.7%*
yoy	*n.a.*	*n.a.*	*597.9%*	*212.6%*	*-25.7%*	*15.9%*	*18.2%*

Source: Banca Profilo elaborations on Company data

€6.9mln working capital absorption and CapEx drive net debt up to €14.0mln

Net working capital stood at -€5.4mln at end-June 2026, against -€12.3mln at end-2025, a €6.9mln cash absorption over the half. Trade working capital (inventories plus trade receivables net of customer advances, less trade payables) increased only modestly, by €1.3mln to €4.6mln, so the absorption came mainly from regulatory items. First, DEA paid the €5.9mln 2024 equalisation balance due to CSEA in May 2026, following ARERA's approval of the definitive 2024 tariffs. Second, receivables from CSEA reached €6.7mln at end-June 2026, of which €4.6mln relate to 2025–1H26 equalisation. Third, the new CSEA payment schedule introduced by Decree-Law 21/2026 brought forward system charge settlements, with a structural cash impact of around €2mln. These outflows were partly offset by higher deferred income (+€3.4mln, mainly PNRR grants) and tax payables (+€2.2mln). As a result, operating cash flow turned negative at -€1.0mln (vs +€7.5mln in 1H25).

After €5.7mln CapEx and €2.4mln dividends, net debt increased by €9.0mln to €14.0mln, against €5.0mln at end-2025. Gearing remains low, with net debt/equity at 16.2% (5.8% at end-2025). The debt structure was also strengthened during the half. The new €10mln pool loan and €2.5mln sustainability-linked Credem facility refinanced €4.4mln of existing loans and lengthened maturities, with medium/long-term bank debt rising to €16.0mln from €9.7mln. Management expects net debt to improve in 2H26 as equalisation advances under Art. 39 of the TIT are collected, and the recovery of the CSEA receivables should drive a partial reversal of the 1H working capital absorption.

Figure 8: TWC (€mln, % on LTM VoP)

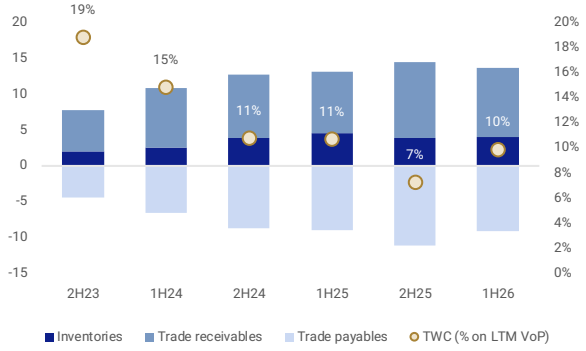
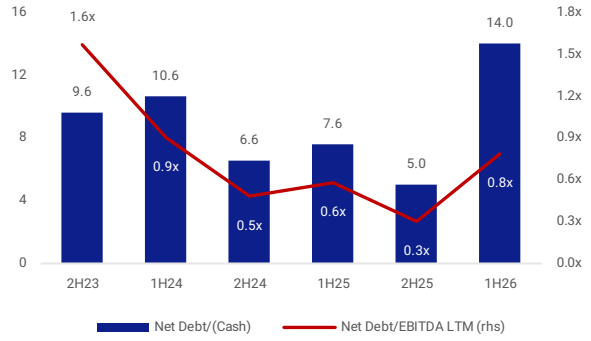


Figure 9: Net debt (€mln) and net debt/LTM EBITDA (x)



Source: Banca Profilo elaborations on Company data

Table 3: Balance sheet (€mln)

Balance Sheet (€mln)	2023	1H24	2024	1H25	2025	1H26
Intangible Assets	20.5	20.7	24.3	23.9	22.7	21.8
PP&E	45.8	64.7	74.0	78.6	84.5	88.1
Financial Assets	0.3	0.3	0.3	0.3	0.3	0.3
Fixed Assets	**66.6**	**85.7**	**98.6**	**102.8**	**107.6**	**110.3**
Inventories	2.1	2.6	3.9	4.6	3.8	4.0
% on LTM VoP	*11.8%*	*8.8%*	*10.6%*	*11.4%*	*8.5%*	*8.7%*
Trade receivables	5.6	8.3	8.8	8.6	10.6	9.7
% on LTM VoP	*31.8%*	*28.6%*	*24.0%*	*21.7%*	*23.4%*	*21.0%*
Trade payables	(4.4)	(6.5)	(8.8)	(8.9)	(11.2)	(9.1)
% on LTM COGS	*47.7%*	*48.1%*	*48.9%*	*43.2%*	*50.3%*	*42.3%*
Trade Working Capital	**3.3**	**4.3**	**4.0**	**4.3**	**3.3**	**4.6**
% on LTM VoP	*18.8%*	*14.9%*	*10.8%*	*10.7%*	*7.3%*	*9.9%*
Other current assets	0.9	4.7	6.6	4.9	2.5	7.9
Other current liabilities	(2.7)	(6.9)	(10.9)	(11.8)	(18.0)	(17.8)
Net Working Capital	**1.5**	**2.1**	**(0.3)**	**(2.7)**	**(12.3)**	**(5.4)**
% on LTM VoP	*8.7%*	*7.4%*	*-0.9%*	*-6.7%*	*-27.0%*	*-11.7%*
Non-current assets	0.0	0.0	0.4	0.4	0.0	0.0
Non-current liabilities	(6.3)	(7.0)	(11.1)	(11.3)	(4.7)	(4.4)
Net Invested Capital	**61.9**	**80.9**	**87.5**	**89.3**	**90.7**	**100.5**
Intangible Assets	1.5	0.7	5.9	0.3	0.6	0.2
PP&E	3.8	4.0	15.0	6.6	14.6	5.5
CapEx	***5.4***	***4.7***	***20.9***	***6.9***	***15.2***	***5.7***
% on LTM VoP	*30.3%*	*16.3%*	*56.8%*	*17.3%*	*33.4%*	*12.4%*
Share Capital	5.2	6.9	7.9	7.9	7.9	7.9
Reserves and retained earnings	44.9	59.4	66.4	70.0	70.0	74.0
Group Net Profit/(Loss)	1.8	3.7	5.6	2.7	6.3	3.2
Dividend	***0.0***	***0.0***	***2.0***	***0.0***	***2.4***	***0.0***
Dividend Payout ratio	*0.0%*	*0.0%*	*35.1%*	*0.0%*	*37.4%*	*0.0%*
Cons. Equity	**52.2**	**70.2**	**81.0**	**81.7**	**85.6**	**86.5**
Net Debt/(Cash)	**9.6**	**10.6**	**6.6**	**7.6**	**5.0**	**14.0**

Source: Banca Profilo elaborations on Company data

Table 4: Free Cash Flow (€mln)

Free Cash Flow (€mln)	2023	1H24	2024	1H25	2025	1H26
EBIT	2.9	5.6	8.5	4.5	10.5	5.7
Tax rate	*30.8%*	*30.8%*	*30.8%*	*30.8%*	*30.8%*	*32.8%*
NOPAT	**2.0**	**3.9**	**5.9**	**3.1**	**7.2**	**3.8**
D&A	3.3	2.3	5.2	3.0	6.1	3.0
Changes in TWC	(3.3)	(1.0)	(0.6)	(0.3)	0.6	(1.3)
Changes in Funds	(0.3)	(0.6)	(1.2)	0.0	(0.0)	0.1
CapEx	(5.4)	(4.7)	(20.9)	(6.9)	(15.2)	(5.7)
Unlevered FCF	**(3.8)**	**(0.1)**	**(11.7)**	**(1.1)**	**(1.2)**	**(0.1)**

Source: Banca Profilo elaborations on Company data

Strategy and Estimates

Strategic guidelines

Outlook:

deleveraging in 2H, PNRR projects in service by year-end, M&A to reach 100k PoDs

While no quantitative guidance was provided, management was explicit on three points:

i. net debt is expected to improve progressively in 2H26, supported by cash inflows from equalisation advances under Art. 39 of the TIT.

ii. the PNRR-funded grid resilience projects in Osimo, Magliano di Tenna, Ortona and Soresina are nearly completed and are due to enter service by end-2026.

iii. external growth remains a priority, with management reiterating its aim to join Italy's top ten distributors and identifying the 100k PoD threshold as a primary objective. With 11 operators above 100k PoDs (ARERA, 2025), DEA ranks 12th with 91.2k. On 21 October 2026, it started negotiations to acquire e-distribuzione's ~20k PoDs in Sanremo (~20% of its perimeter), under the Bersani Decree's rationalisation of multi-distributor municipalities. Closing is expected by December 2027, subject to definitive agreements and authorisations. Not included in our estimates, the deal would take DEA above 100k PoDs.

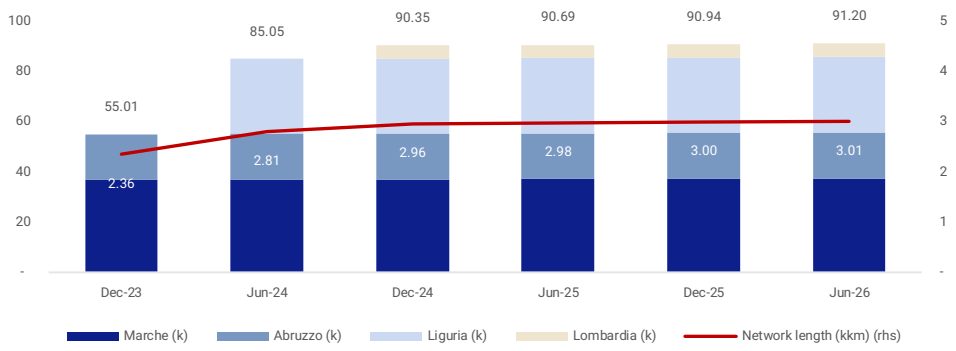
Buyback:

0.14% of capital bought so far

Launched in June 2026 under the AGM authorisation of 30 April 2026, the liquidity-support buyback runs until end-October 2027. Purchases are capped at 20% of share capital, within ±20% of the previous session's reference price and 25% of the 20-day average daily volume.

Since the first purchase on 17 July 2026, DEA has bought 11,000 treasury shares (0.139% of capital) as of 16 October 2026, most recently at ~€7.7 per share.

Figure 10: Electricity Dist. & Met. (PODs)



Source: Banca Profilo elaborations on Company data

Figure 11: Public Lighting (lighting points)

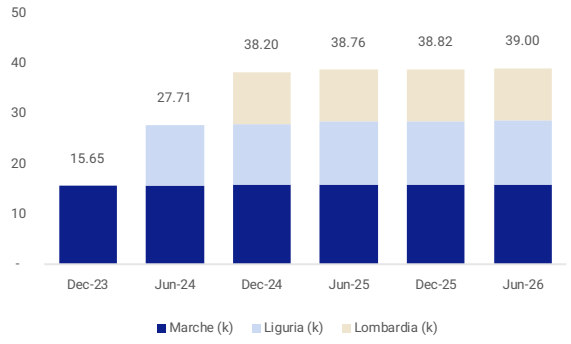
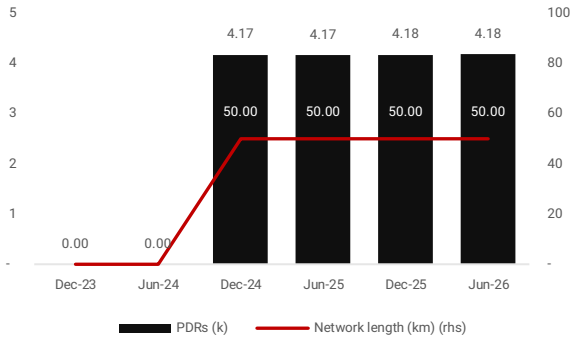


Figure 12: Natural Gas Distribution (incl. in Other)



Source: Banca Profilo elaborations on Company data

Our 2026-28E

Revenues raised 2.5–3% on stronger distribution

We raise FY26E revenues by 2.5% to €41.2mln (+4.6% yoy vs +2.0% previously), and FY27E–FY28E by 3.2% and 3.1% to €42.3mln and €43.2mln, with growth slightly raised to 2.3–2.6% p.a. (from ~2.1%).

The upgrade is driven by *Electricity Dist. & Met.*, which we lift by 2.7% to €34.6mln in FY26E (+4.7% yoy vs +2.0%) and by ~3% in FY27E–FY28E (+2.1–2.5% p.a. vs +2.0%). This reflects 1H26 growth of 8.2% yoy, with 2026 tariff revenues based on the provisional allowed revenues set under ROSS-base (ARERA 224/2026/R/eel).

We also slightly raise *Public Lighting* to €5.0/5.1/5.3mln in FY26E/27E/28E (+4.6% in FY26E and +3.3% p.a. thereafter, vs 2.0–3.0%), after +10.6% yoy in 1H26. We leave *Other* activities unchanged, as their 10.3% 1H26 growth comes from a small base. *Electricity Dist. & Met.* remains ~84% of revenues throughout.

Table 5: Revenue by segment 2025-28E (€mln)

Revenue by segment (€mln)	2025	1H26	2026E OLD	2026E	2027E OLD	2027E	2028E OLD	2028E
Electricity Distribution & Metering	33.1	17.0	33.7	34.6	34.4	35.5	35.1	36.2
% on revenues	*83.9%*	*84.1%*	*83.9%*	*84.0%*	*83.8%*	*83.9%*	*83.7%*	*83.8%*
yoy	*13.7%*	*8.2%*	*2.0%*	*4.7%*	*2.0%*	*2.5%*	*2.0%*	*2.1%*
Public Lighting	4.8	2.5	4.8	5.0	5.0	5.1	5.1	5.3
% on revenues	*12.1%*	*12.2%*	*12.1%*	*12.1%*	*12.2%*	*12.1%*	*12.3%*	*12.3%*
yoy	*60.3%*	*10.6%*	*2.0%*	*4.6%*	*3.0%*	*3.3%*	*3.0%*	*3.3%*
Other	1.6	0.8	1.6	1.6	1.7	1.7	1.7	1.7
% on revenues	*4.0%*	*3.7%*	*4.0%*	*3.9%*	*4.0%*	*3.9%*	*4.0%*	*3.9%*
yoy	*70.5%*	*10.3%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
Revenues	**39.4**	**20.2**	**40.2**	**41.2**	**41.0**	**42.3**	**41.9**	**43.2**
% on VoP	*86.8%*	*90.9%*	*91.8%*	*92.0%*	*91.9%*	*92.2%*	*92.1%*	*92.3%*
yoy	*19.5%*	*8.6%*	*2.0%*	*4.6%*	*2.1%*	*2.6%*	*2.1%*	*2.3%*

Source: Banca Profilo estimates and elaborations on Company data

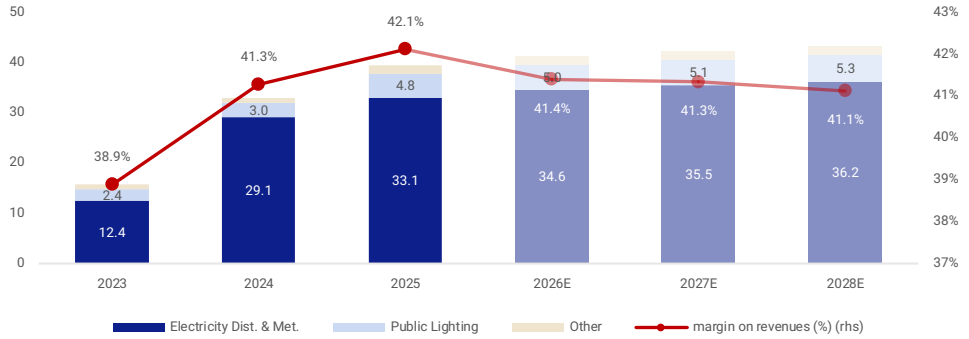
EBITDA up ~4%; interest and taxes weigh below the line

We raise FY26E EBITDA by 4.1% to €17.1mln (41.4% margin on revenues vs 40.8%; 38.1% on VoP vs 37.4%), and FY27E–FY28E by 4.1% and 3.6% to €17.5mln and €17.8mln. Higher revenues and lower raw material costs (8.8% of VoP vs 11.0%, in line with 1H26 after the completion of the 2G roll-out) more than offset higher services (35.0% of VoP vs 34.6%), personnel (€6.9mln vs €6.4mln in FY26E) and other costs. We align these with 1H26 trends, which the company attributes to organisational evolution and regulated activity development for services, and to salary adjustments for personnel. FY26E still implies a ~40% 2H26 margin, below the 42.7% of 1H26.

We trim FY26E D&A to €6.0mln (from €6.2mln), in line with the broadly flat 1H26 run-rate, rising to €6.4mln/€6.6mln in FY27E/FY28E as new assets, including PNRR projects, enter service. With no material provisions assumed, FY26E EBIT rises 8.9% to €11.0mln (24.6% margin on VoP vs 23.0%).

We raise net financial charges to €1.4mln p.a. (from €0.7–0.9mln), in line with the 1H26 run-rate, reflecting higher debt. We also raise our underlying tax rate to 30.8% (from 28.7%), as the 34% effective rate reported in 1H26 and historical levels point to a structurally higher tax burden than previously assumed.

Figure 13: Revenues (€mln) and EBITDA margin (%)



Source: Banca Profilo estimates and elaborations on Company data

Table 6: Income statement 2025-28E (€mln)

Profit & Loss (€mln)	2025	1H26	2026E OLD	2026E	2027E OLD	2027E	2028E OLD	2028E
Revenues	**39.4**	**20.2**	**40.2**	**41.2**	**41.0**	**42.3**	**41.9**	**43.2**
% on VoP	*86.8%*	*90.9%*	*91.8%*	*92.0%*	*91.9%*	*92.2%*	*92.1%*	*92.3%*
yoy	*19.5%*	*8.6%*	*2.0%*	*4.6%*	*2.1%*	*2.6%*	*2.1%*	*2.3%*
Capitalised internal work	5.1	1.7	3.1	3.1	3.1	3.1	3.1	3.1
% on VoP	*11.3%*	*7.6%*	*7.1%*	*6.9%*	*6.9%*	*6.8%*	*6.8%*	*6.6%*
yoy	*48.4%*	*-35.3%*	*-39.6%*	*-39.6%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Other revenues	0.9	0.3	0.5	0.5	0.5	0.5	0.5	0.5
% on VoP	*1.9%*	*1.5%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*
VoP	**45.4**	**22.3**	**43.8**	**44.8**	**44.6**	**45.9**	**45.5**	**46.8**
yoy	*23.6%*	*3.4%*	*-3.6%*	*-1.3%*	*1.9%*	*2.3%*	*2.0%*	*2.1%*
Raw, Ancillary, Consumable Materials	(4.9)	(2.0)	(4.8)	(4.0)	(4.9)	(4.1)	(5.0)	(4.1)
% on VoP	*-10.8%*	*-8.8%*	*-11.0%*	*-8.8%*	*-11.0%*	*-8.8%*	*-11.0%*	*-8.8%*
Cost of Services	(15.9)	(7.6)	(15.1)	(15.7)	(15.3)	(16.0)	(15.5)	(16.4)
% on VoP	*-35.0%*	*-34.1%*	*-34.6%*	*-35.0%*	*-34.3%*	*-35.0%*	*-34.0%*	*-35.0%*
Personnel Expenses	(6.7)	(3.5)	(6.4)	(6.9)	(6.6)	(7.1)	(6.8)	(7.4)
% on VoP	*-14.7%*	*-15.6%*	*-14.7%*	*-15.5%*	*-14.8%*	*-15.6%*	*-15.0%*	*-15.7%*
Other	(1.4)	(0.6)	(1.0)	(1.2)	(1.0)	(1.2)	(1.0)	(1.2)
% on VoP	*-3.0%*	*-2.7%*	*-2.3%*	*-2.6%*	*-2.3%*	*-2.5%*	*-2.3%*	*-2.5%*
EBITDA	**16.6**	**8.6**	**16.4**	**17.1**	**16.8**	**17.5**	**17.2**	**17.8**
EBITDA margin	*36.5%*	*38.8%*	*37.4%*	*38.1%*	*37.6%*	*38.1%*	*37.7%*	*38.0%*
EBITDA margin (% on revenues)	*42.1%*	*42.7%*	*40.8%*	*41.4%*	*40.9%*	*41.3%*	*40.9%*	*41.1%*
yoy	*21.9%*	*16.1%*	*-1.3%*	*2.8%*	*2.5%*	*2.4%*	*2.2%*	*1.7%*
D&A	(5.9)	(3.0)	(6.2)	(6.0)	(6.1)	(6.4)	(6.1)	(6.6)
% on VoP	*-13.1%*	*-13.3%*	*-14.1%*	*-13.4%*	*-13.7%*	*-13.9%*	*-13.4%*	*-14.0%*
Provisions and write-downs	(0.2)	(0.0)	(0.1)	(0.0)	(0.1)	0.0	(0.1)	0.0
% on VoP	*-0.4%*	*-0.1%*	*-0.3%*	*0.0%*	*-0.3%*	*0.0%*	*-0.3%*	*0.0%*
EBIT	**10.5**	**5.7**	**10.1**	**11.0**	**10.5**	**11.1**	**10.9**	**11.2**
EBIT margin	*23.1%*	*25.4%*	*23.0%*	*24.6%*	*23.6%*	*24.2%*	*24.0%*	*23.9%*
Interest Income/(Expenses)	(1.1)	(0.7)	(0.9)	(1.4)	(0.7)	(1.4)	(0.7)	(1.4)
% on VoP	*-2.4%*	*-3.2%*	*-1.9%*	*-3.1%*	*-1.7%*	*-3.1%*	*-1.6%*	*-3.0%*
EBT	**9.4**	**5.0**	**9.2**	**9.6**	**9.8**	**9.7**	**10.2**	**9.8**
Pretax margin	*20.7%*	*22.3%*	*21.1%*	*21.5%*	*21.9%*	*21.2%*	*22.4%*	*21.0%*
Taxes	(2.8)	(1.7)	(2.8)	(3.2)	(3.0)	(3.2)	(2.9)	(3.0)
Tax rate	*-30.1%*	*-34.2%*	*-30.7%*	*-32.8%*	*-30.7%*	*-32.8%*	*-28.7%*	*-30.8%*
Net Profit/(Loss)	**6.6**	**3.3**	**6.2**	**6.5**	**6.6**	**6.5**	**7.1**	**6.8**
Net Profit margin	*14.5%*	*14.7%*	*14.2%*	*14.4%*	*14.7%*	*14.2%*	*15.5%*	*14.5%*
yoy	*15.9%*	*18.2%*	*-5.7%*	*-1.6%*	*6.2%*	*0.8%*	*7.2%*	*4.2%*

Source: Banca Profilo estimates and elaborations on Company data

Higher NWC lifts net debt, deleveraging from end-2026

We raise net debt to €12.7mln in FY26E (from €7.3mln), and to €9.0mln and €4.8mln in FY27E–FY28E (from €3.9mln and €0.1mln). The revision mainly reflects a less negative NWC, which we now keep at ~-€5.3mln (from -€11.5mln in FY26E), in line with 1H26. This carries forward the higher other current assets (€7.9mln vs €2.4mln), mainly CSEA receivables (€6.7mln at end-June), and the earlier CSEA settlements under Decree-Law 21/2026 (~€2mln structural impact). It excludes the 2H26 improvement expected by management from equalisation advances, which could lead to lower net debt than we forecast.

Equity is broadly unchanged at €89.8mln, assuming a constant 37.4% payout (in line with the €0.30 DPS paid in 2026), implying dividends of €2.3–2.5mln p.a. Net debt/LTM EBITDA stays low at 0.7x in FY26E (0.4x previously), falling to 0.3x by FY28E.

Table 7: Balance sheet 2025-28E (€mln)

Balance Sheet (€mln)	2025	1H26	2026E OLD	2026E	2027E OLD	2027E	2028E OLD	2028E
Intangible Assets	22.7	21.8	22.7	21.1	21.7	19.5	20.6	18.0
PP&E	84.5	88.1	89.7	90.9	91.4	92.9	93.1	94.6
Financial Assets	0.3	0.3	0.5	0.3	0.5	0.3	0.5	0.3
Fixed Assets	**107.6**	**110.3**	**112.9**	**112.3**	**113.5**	**112.7**	**114.2**	**112.9**
Inventories	3.8	4.0	3.9	3.8	4.0	3.9	4.1	4.0
% on LTM VoP	*8.5%*	*8.7%*	*9.0%*	*8.5%*	*9.0%*	*8.5%*	*9.0%*	*8.5%*
Trade receivables	10.6	9.7	10.9	10.5	11.1	10.7	11.3	10.9
% on LTM VoP	*23.4%*	*21.0%*	*24.8%*	*23.4%*	*24.9%*	*23.4%*	*24.9%*	*23.4%*
Trade payables	(11.2)	(9.1)	(10.5)	(9.6)	(10.7)	(9.8)	(10.8)	(10.0)
% on LTM COGS	*50.3%*	*42.3%*	*-24.0%*	*46.0%*	*-23.9%*	*46.1%*	*-23.7%*	*46.2%*
Trade Working Capital	**3.3**	**4.6**	**4.3**	**4.7**	**4.4**	**4.8**	**4.6**	**4.9**
% on LTM VoP	*7.3%*	*9.9%*	*9.7%*	*10.4%*	*9.9%*	*10.5%*	*10.1%*	*10.4%*
Other current assets	2.5	7.9	2.4	7.9	2.4	7.9	2.4	7.9
Other current liabilities	(18.0)	(17.8)	(18.2)	(17.8)	(18.2)	(17.8)	(18.2)	(17.8)
Net Working Capital	**(12.3)**	**(5.4)**	**(11.5)**	**(5.3)**	**(11.3)**	**(5.2)**	**(11.2)**	**(5.1)**
% on LTM VoP	*-27.0%*	*-11.7%*	*-26.3%*	*-11.8%*	*-25.4%*	*-11.2%*	*-24.5%*	*-10.8%*
Non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	(4.7)	(4.4)	(4.5)	(4.6)	(4.5)	(4.6)	(4.5)	(4.7)
Net Invested Capital	**90.7**	**100.5**	**96.9**	**102.5**	**97.7**	**103.0**	**98.5**	**103.2**
Intangible Assets	0.6	0.2	0.4	0.4	0.4	0.4	0.4	0.4
PP&E	14.6	5.5	10.4	10.4	6.4	6.4	6.4	6.4
CapEx	***15.2***	***5.7***	***10.8***	***10.8***	***6.8***	***6.8***	***6.8***	***6.8***
% on LTM VoP	*33.4%*	*12.4%*	*24.6%*	*24.0%*	*15.2%*	*14.8%*	*14.9%*	*14.5%*
Share Capital	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9
Reserves and retained earnings	70.0	74.0	75.3	74.0	79.2	77.9	83.6	81.9
Group Net Profit/(Loss)	6.3	3.2	6.2	6.3	6.6	6.3	7.1	6.6
Dividend	***2.4***	***0.0***	***2.3***	***2.3***	***2.4***	***2.4***	***2.5***	***2.5***
Dividend Payout ratio	*37.4%*	*0.0%*	*37.4%*	*37.4%*	*37.4%*	*37.4%*	*37.4%*	*37.4%*
Cons. Equity	**85.6**	**86.5**	**89.4**	**89.8**	**93.6**	**94.0**	**98.5**	**98.4**
Net Debt/(Cash)	**5.0**	**14.0**	**7.3**	**12.7**	**3.9**	**9.0**	**0.1**	**4.8**

Source: Banca Profilo estimates and elaborations on Company data

Valuation

SOTP

***Electricity Dist. & Met.*:**

DCF to 2030E + RAB

Following our estimate revisions, cumulative 2026–30E FCF for the *Electricity Dist. & Met.* business rises to €24.3mln (from €23.3mln).

***Public Lighting*:**

DCF to 2047E

For *Public Lighting*, we model 2026–47E FCF (€16.7mln on a cumulative basis) to reflect the staggered expiry of existing concessions, with no terminal value, conservatively assuming no new or renewed concessions.

Table 8: Free Cash Flow 2026-30E (€mln)

Free Cash Flow (€mln)	2026E OLD	2026E	2027E OLD	2027E	2028E OLD	2028E	2029E OLD	2029E	2030E OLD	2030E
EBIT	10.1	11.0	10.5	11.1	10.9	11.2	11.4	11.3	12.0	11.3
Tax rate	*30.7%*	*32.8%*	*30.7%*	*32.8%*	*28.7%*	*30.8%*	*28.7%*	*30.8%*	*28.7%*	*30.8%*
NOPAT	**7.0**	**7.4**	**7.3**	**7.5**	**7.8**	**7.8**	**8.1**	**7.8**	**8.6**	**7.8**
D&A	6.3	6.0	6.3	6.4	6.2	6.6	6.1	6.8	5.8	7.1
Changes in TWC	(1.0)	(1.4)	(0.2)	(0.1)	(0.2)	(0.1)	(0.2)	(0.1)	(0.2)	(0.1)
Changes in Funds	0.1	(0.1)	0.1	(0.0)	(0.1)	(0.0)	0.0	(0.1)	0.0	(0.1)
CapEx	(10.8)	(10.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)	(6.8)
Unlevered FCF	**1.7**	**1.2**	**6.7**	**6.9**	**7.0**	**7.4**	**7.2**	**7.7**	**7.5**	**8.0**
o/w Electricity Dist. & Met.	*0.4*	*(0.1)*	*5.4*	*5.6*	*5.6*	*6.0*	*5.9*	*6.3*	*6.0*	*6.5*
o/w Public Lighting	*1.3*	*1.3*	*1.3*	*1.3*	*1.4*	*1.4*	*1.4*	*1.5*	*1.4*	*1.5*

Source: Banca Profilo estimates and elaborations on Company data

Table 9: Free Cash Flow *Public Lighting* 2031-47E (€mln)

	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	2039E	2040E	2041E	2042E	2043E	2044E	2045E	2046E	2047E
o/w Public Lighting	0.9	0.9	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4

Source: Banca Profilo estimates and elaborations on Company data

WACC at 6.6% (from 6.3%)

We discount FCFs using a WACC of 6.6% (from 6.3%), derived from:

- a risk-free rate of 4.8% (vs 4.4%), based on the 100-day MA of the 30Y BTP yield;
- a market risk premium of 6.6%[1] (vs 6.7%);
- a beta of 0.3 (vs 0.4) across selected listed peers;
- a target D/E ratio of 30% (unchanged), in line with listed peers;
- a tax rate of 30.8% (from 28.7%);
- a cost of debt of 6.4% (from 5.3%).

[1] Damodaran, July 1, 2026

Table 10: WACC assumptions

WACC Calculation	
Perpetual growth rate	2.0%
Risk free rate (30Y)	4.8%
Equity risk premium	6.6%
Unlevered Beta	0.3
D/(D+E)	23%
E/(D+E)	77%
Target D/E	30%
Tax rate	30.8%
Beta	0.4
KE	**7.3%**
Cost of debt	6.4%
KD	**4.4%**
WACC	**6.6%**

Table 11: SOTP valuation

SOTP Valuation (€mln)	Method	WACC	EV
Electricity Dist. & Met.	DCF to 2030E + RAB	6.6%	108.9
Public Lighting	DCF to 2047E, no TV	6.6%	10.1
Enterprise Value			**119.0**
Net Debt/(Cash) 1H26			14.0
Minorities 1H26			1.7
Equity Value			**103.4**
Number of shares (mln)			7.9
Per share value (€)			***13.1***
Current price (€)			7.5
upside/(downside)			*78%*

Source: Banca Profilo estimates and elaborations on FactSet data

For *Electricity Dist. & Met.*, we discount the division's 2H26–30E FCF to €21.1mln (from €18.9mln) and add our FY25 RAB estimate of €87.8mln (from €85.6mln) as a conservative proxy for terminal value, for a divisional EV of €108.9mln (from €104.5mln).

For *Public Lighting*, discounting the division's 2H26–47E FCF, with no terminal value, gives a divisional EV of €10.1mln.

SOTP valuation: €13.1/share (from €14.2)

Summing the two divisions gives a Group EV of €119.0mln (from €117.3mln) and, after deducting 1H26 net debt and minorities, an equity value of €103.4mln (from €112.3mln), or €13.1 per share (from €14.2) [*Please refer to our Company Update dated April 29, 2026*].

Market multiples

The peer sample for the market multiples approach comprises Snam (IT), Terna (IT), Italgas (IT), Elia Group (BE), Redeia (ES) and REN – Redes Energéticas Nacionais (PT).

Table 12: Listed peers' revenue growth and EBITDA margin

Company	Currency	Market Cap (mln)	EV (mln)	Sales growth (yoy)				EBITDA margin			
22/10/2026				2025	2026E	2027E	2028E	2025	2026E	2027E	2028E
Snam S.p.A.	EUR	19,802	38,337	*8.6%*	*4.4%*	*5.5%*	*3.8%*	*76.1%*	*77.7%*	*77.9%*	*78.8%*
Terna S.p.A.	EUR	19,055	33,730	*9.3%*	*11.8%*	*9.0%*	*7.8%*	*67.6%*	*66.5%*	*65.8%*	*65.1%*
Elia Group SA/NV	EUR	13,645	28,317	*17.9%*	*25.5%*	*17.4%*	*10.6%*	*51.4%*	*42.8%*	*44.5%*	*47.8%*
Italgas SpA	EUR	8,889	20,119	*41.5%*	*-21.7%*	*5.4%*	*5.9%*	*53.1%*	*78.0%*	*79.1%*	*79.6%*
Redeia Corporacion SA	EUR	8,030	13,638	*4.1%*	*4.5%*	*3.7%*	*5.8%*	*72.4%*	*75.0%*	*75.0%*	*76.5%*
Redes Energeticas Nacionais SA	EUR	2,359	4,845	*7.2%*	*11.9%*	*3.1%*	*4.3%*	*44.0%*	*48.7%*	*48.9%*	*49.0%*
Mean				***14.8%***	***6.1%***	***7.4%***	***6.4%***	***60.8%***	***64.8%***	***65.2%***	***66.1%***
Median				***8.9%***	***8.2%***	***5.5%***	***5.9%***	***60.3%***	***70.7%***	***70.4%***	***70.8%***
DEA S.p.A.	**EUR**	**58**	**74**	***19.5%***	***4.6%***	***2.6%***	***2.3%***	***40.6%***	***41.4%***	***41.3%***	***41.1%***

Source: Banca Profilo estimates and elaborations on FactSet data

Table 13: Peers' key ratios

Company	Dividend yield	P/BV	ROE	Leverage (A/E)	Net debt/ EBITDA	Net Profit margin
	2025	2025	2025	2025	2025	2025
Snam S.p.A.	*5.3%*	2.3x	*15.7%*	4.5x	6.3x	*33.0%*
Terna S.p.A.	*4.4%*	3.0x	*19.1%*	5.0x	5.5x	*28.1%*
Elia Group SA/NV	*1.3%*	1.6x	*8.8%*	4.2x	6.1x	*12.5%*
Italgas SpA	*4.5%*	2.5x	*21.4%*	5.1x	5.8x	*19.2%*
Redeia Corporacion SA	*4.3%*	1.6x	*9.7%*	2.9x	4.6x	*30.5%*
Redes Energeticas Nacionais SA	*5.0%*	1.4x	*10.4%*	3.5x	5.5x	*15.7%*
Mean	***4.1%***	***2.1x***	***14.2%***	***4.2x***	***5.6x***	***23.2%***
Median	***4.5%***	***1.9x***	***13.1%***	***4.4x***	***5.7x***	***23.6%***
DEA S.p.A.	**3.7%**	**0.8x**	**7.7%**	**1.6x**	**0.3x**	**16.1%**

Source: Banca Profilo estimates and elaborations on FactSet data

Table 14: Peers' multiples

Company	EV/EBITDA			P/E		
22/10/2026	2026E	2027E	2028E	2026E	2027E	2028E
Snam S.p.A.	12.3x	11.6x	11.0x	11.7x	11.4x	10.8x
Terna S.p.A.	11.5x	10.6x	10.0x	15.2x	14.9x	14.4x
Elia Group SA/NV	11.9x	9.7x	8.2x	13.5x	12.2x	10.8x
Italgas SpA	9.4x	8.8x	8.2x	9.7x	9.1x	8.2x
Redeia Corporacion SA	10.5x	10.1x	9.4x	17.9x	17.6x	17.1x
Redes Energeticas Nacionais SA	8.7x	8.4x	8.1x	11.6x	11.6x	11.6x
Mean	***10.7x***	***9.9x***	***9.1x***	***13.3x***	***12.8x***	***12.1x***
Median	***11.0x***	***9.9x***	***8.8x***	***12.6x***	***11.9x***	***11.2x***
DEA S.p.A.	**4.3x**	**4.2x**	**4.2x**	**9.3x**	**9.2x**	**8.8x**
discount/(premium) on median	*61%*	*57%*	*53%*	*26%*	*23%*	*21%*

Table 15: Relative valuation

Valuation on EV/EBITDA market multiples (€mln)		
	2027E	2028E
EV/EBITDA	**9.9x**	**8.8x**
EBITDA	17.5	17.8
Enterprise Value	173.3	156.6
Avg. EV	**165.0**	
Net Debt/(Cash) 1H26	14.0	
Minorities 1H26	1.7	
Equity Value	**149.3**	
Number of shares (mln)	7.9	
Per share value (€)	***18.9***	
Current price (€)	7.4	
upside/(downside)	*157%*	

Source: Banca Profilo estimates and elaborations on FactSet data

EV/EBITDA at 9.4x

We apply peer median EV/EBITDA multiples of 9.9x FY27E and 8.8x FY28E to our EBITDA estimates and average the resulting EVs (implied average multiple of 9.4x, down from 10.8x on 2026–27E as we roll forward our valuation).

Market multiples valuation:

DEA's ROE (7.7% vs 13.1% peer median) and net margin (16.1% vs 23.6%) trail peers, largely reflecting an under-leveraged balance sheet (A/E 1.6x vs 4.4x, net debt/EBITDA 0.3x vs 5.7x) that leaves ample headroom for external growth towards 100k PoDs. The stock trades at 0.7x

€18.9/share (from €22.0)

P/BV (0.8x at FY25 close; 1.9x peer median) and at a 21–26% P/E discount on 2026–28E, while the 53–61% EV/EBITDA discount is inflated by its low leverage. Smaller scale and limited liquidity partly justify a discount, but current levels appear excessive for a regulated business.

The relative valuation yields an EV of €165mln (from €179mln) and an Equity Value of €149mln, or €18.9 per share (from €174mln and €22.0).

TP & Rating

TP cut to €14.3/share (from €15.7);

BUY reiterated

Our target price, based on a weighted average of SOTP (80%) and multiples (20%), is €14.3 per share, down 9% from previous €15.7 [*Please refer to our Company Update dated April 29, 2026*], mainly reflecting the deduction of 1H26 net debt (vs FY25) in our SOTP. Given the upside to DEA's closing price, we reiterate our BUY rating.

Appendix

Ownership & Corporate structure

Astea-controlled, with two consolidated subsidiaries

DEA is controlled by Astea S.p.A. (in turn controlled by Centro Marche Acque), with 38.3% of capital and 57.8% of voting rights through multiple-voting shares. The other shareholders are Odoardo Zecca (21.0%; 32.0% of votes), Amaie (20.7%; 3.2%), ASP (2.9%; 4.3%), Energie Offida (2.8%; 0.4%) and the Municipality of Offida (1.1%; 0.2%), with a 13.3% free float (2.0% of votes). Share capital comprises 7.9mln shares, of which 3.0mln ordinary and 4.9mln multiple-voting.

DEA fully consolidates ASPM Soresina Servizi (77.15%), active in electricity and gas distribution in Soresina and public lighting in eight Lombard municipalities. It also consolidates Osimo Illumina (55%), the vehicle managing the 25-year public lighting concession with the Municipality of Osimo.

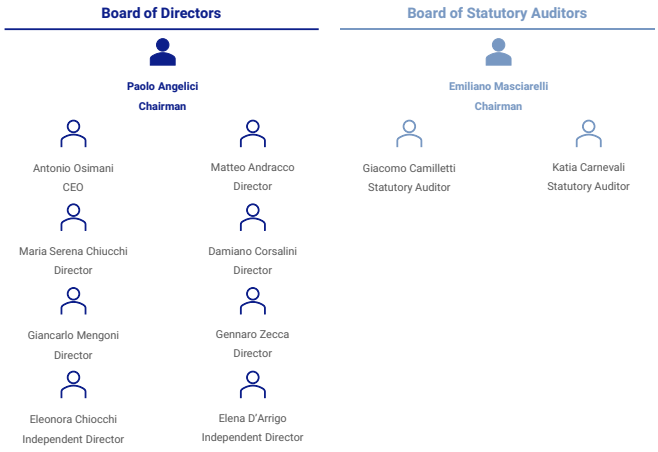
Board renewed; General Manager role absorbed by the CEO

On 7 August 2026, the AGM appointed Maria Serena Chiucchi and Giancarlo Mengoni as directors, replacing Micaela Cristina Capelli and Alessandro Morini.

It also confirmed the end of the network agreement and co-employment regime with Astea. The General Manager's functions passed to CEO Antonio Osimani, and CFO Lucia Maceratini moved onto DEA's payroll.

The nine-member Board comprises Paolo Angelici (Chairman), Antonio Osimani (CEO), Matteo Andracco, Maria Serena Chiucchi, Damiano Corsalini, Giancarlo Mengoni, Gennaro Zecca and the independent directors Eleonora Chiocchi and Elena D'Arrigo. The Board of Statutory Auditors (Emiliano Masciarelli, Chairman; Giacomo Camilletti; Katia Carnevali) is unchanged.

Figure 14: Corporate bodies



Source: Company data

Warrants unexercised, final window in 2027

As in June 2025, no WDEA27 warrants were exercised in the second period (June 2026), at an exercise price of €11.20, well above the current ~€7.4 share price. The 994,000 warrants outstanding remain exercisable in the subsequent periods under the warrant regulation, the last due by 2027. Full exercise would imply up to 198,800 new shares (one for every five warrants, ~2.5% of share capital).

DEA S.p.A.

Recommendation	Target Price	Upside
BUY	**14.3 €**	**95%**

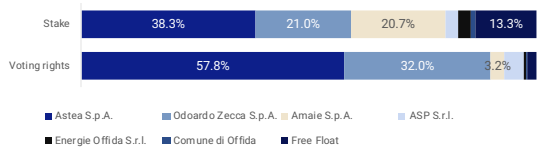
Company Overview

Electricity distribution is the final phase of the supply chain (energy generation, transmission and distribution). Companies in the sector manage, operate, maintain and develop networks in medium and low voltage under concession agreements. Created in 2015 and listed on Euronext Growth Milan since 2024, DEA is an Italian infrastructural operator of electricity distribution headquartered in Osimo (AN). After completing 6 transactions since 2023, it currently operates 91.2k PoDs (vs 33k in 2022) across 4 regions, where it acts as a natural monopolist, ranking as Italy's 12th largest distributor. Distribution revenues are set by the regulator ARERA under the ROSS-base tariff framework, and are therefore non-cyclical and protected against inflation, ensuring stability and limited downside risk. Moreover, distribution services contracts have limited credit risk, and in case of defaults losses are compensated by CSEA, subject to ARERA's supervision. In addition, DEA operates in the non-regulated public lighting sector, managing ~39k lighting points across 15 municipalities in 3 regions, also under concession agreements. Through ASPM Soresina, it also runs a small gas distribution business (~4.2k PDRs).

P&L (€mln)	2024	2025	2026E	2027E	2028E
Revenues	33.0	39.4	41.2	42.3	43.2
Other	3.8	6.0	3.6	3.6	3.6
VoP	**36.7**	**45.4**	**44.8**	**45.9**	**46.8**
yoy (%)	107.3%	23.6%	-1.3%	2.3%	2.1%
EBITDA	**13.6**	**16.6**	**17.1**	**17.5**	**17.8**
margin (%)	37.1%	36.5%	38.1%	38.1%	38.0%
EBIT	**8.5**	**10.5**	**11.0**	**11.1**	**11.2**
margin (%)	23.0%	23.1%	24.6%	24.2%	23.9%
Net Profit/(Loss)	**5.7**	**6.6**	**6.5**	**6.5**	**6.8**
margin (%)	15.4%	14.5%	14.4%	14.2%	14.5%

Company Description	
Company Sector	Electric Utilities
Reference Index	FTSE Italia Growth Index
Main Shareholder	Astea, Odoardo Zecca, Amaie
Price	7.4 €
Daily Average Volumes (30D)	4,460

Shareholders



Share Data	2025	2026E	2027E	2028E
Market Cap (mln)	60.8	58.2	58.2	58.2
Number of Shares (mln)	7.9	7.9	7.9	7.9
EPS	0.8	0.8	0.8	0.8
DPS	0.3	0.3	0.3	0.3
BVPS	10.8	11.3	11.9	12.4

Balance Sheet (€mln)	2024	2025	2026E	2027E	2028E
Fixed Assets	98.6	107.6	112.3	112.7	112.9
Net Working Capital	(0.3)	(12.3)	(5.3)	(5.2)	(5.1)
Other Assets/(Liabilities)	(10.7)	(4.6)	(4.5)	(4.6)	(4.6)
Net Invested Capital	**87.5**	**90.7**	**102.5**	**103.0**	**103.2**
Cons. Equity	81.0	85.6	89.8	94.0	98.4
Net Debt/(Cash)	**6.6**	**5.0**	**12.7**	**9.0**	**4.8**

Key Ratios	2025	2026E	2027E	2028E
ROE	7.7%	7.2%	6.9%	6.9%
ROCE	11.6%	10.8%	10.8%	10.9%
Leverage (A/E)	1.6x	1.6x	1.5x	1.5x
Net Debt (cash)/EBITDA	0.3x	0.7x	0.5x	0.3x
Working Capital/Sales	7.3%	10.4%	10.5%	10.4%
CapEx/Sales	33%	24%	15%	14%
CapEx/D&A	255%	179%	106%	103%

Cash Flow (€mln)	2024	2025	2026E	2027E	2028E
EBITDA	13.6	16.6	17.1	17.5	17.8
Financial Income/(Expenses)	(0.1)	(1.1)	(1.4)	(1.4)	(1.4)
Taxes	(2.7)	(2.8)	(3.2)	(3.2)	(3.0)
Change in NWC & Other	1.9	11.8	(7.0)	(0.1)	(0.1)
CapEx	(20.9)	(15.2)	(10.8)	(6.8)	(6.8)
FCF	**(8.2)**	**9.3**	**(5.3)**	**6.0**	**6.5**
Other investments	3.3	(5.7)	(0.1)	0.1	0.1
Equity Financing	8.0	-	-	-	-
Dividends	-	(2.0)	(2.4)	(2.3)	(2.4)
Change in Net Debt	**3.1**	**1.6**	**(7.7)**	**3.7**	**4.2**
Unlevered FCF	**(11.7)**	**(1.2)**	**1.2**	**6.9**	**7.4**

Multiples	2025	2026E	2027E	2028E
P/BV	0.7x	0.6x	0.6x	0.6x
EV/Sales	1.6x	1.8x	1.7x	1.7x
EV/EBITDA	4.1x	4.3x	4.2x	4.2x
EV/EBIT	6.1x	6.7x	6.6x	6.6x
P/E	9.6x	9.3x	9.2x	8.8x
Dividend yield	3.9%	4.0%	4.1%	4.2%
FCF yield	15.2%	-9.1%	10.3%	11.2%

Peers	2025	2026E	2027E	2028E
EV/Sales	6.4x	7.5x	7.0x	6.5x
EV/EBITDA	10.7x	11.0x	9.9x	8.8x
EV/EBIT	18.7x	19.2x	17.7x	16.3x
P/E	14.3x	12.6x	11.9x	11.2x

Strengths

Regulated non-cyclical business
Economies of scale with lighting business
Low debt levels
Generous dividend policy
High marginality

Weaknesses

Multiple voting shareholder class (10 to 1)
Lower ROE
Capital intensive

Opportunities

Sanremo deal (~20k PoDs)
Sector consolidation
Expansion of lighting in new municipalities
IoT / Data Management

Threats

Competition for M&A targets from other aggregators or large multi-utilities
Regulatory changes

Source: Bloomberg, FactSet, Banca Profilo estimates and elaborations

Disclaimer

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