MILANO, IT - FEBRUARY 2025 - CFA RESEARCH CHALLENGE

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Current Price

€ 7.18

31/01/2025

HOLD

Target Price

€ 8.12

Upside 13.1%

De Nora is a pioneer in electrochemical technologies, driving sustainable innovation for water and clean energy.

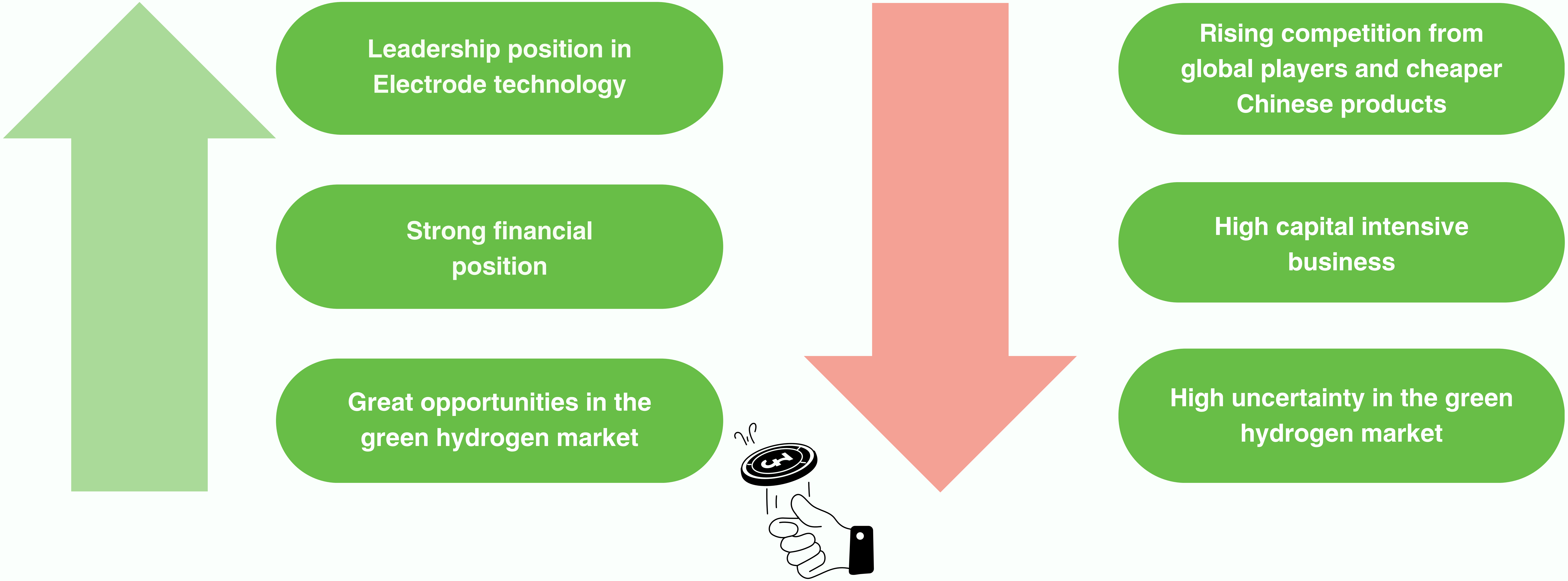
TICKER:DNR.MI

MARKET CAP: 1.448B

SALES 2024E: 843M

Why Hold?

Main Drivers of our recommendation



Leadership position in Electrode technology

Strong financial position

Great opportunities in the green hydrogen market

Rising competition from global players and cheaper Chinese products

High capital intensive business

High uncertainty in the green hydrogen market

Multiples Evolution

	IPO 2022	2024E	Derating
EV/REVENUES	4.3X	1.6X	-63%
EV/EBITDA	20.8X	9.0X	-57%
EV/EBIT	29.1X	11.4X	-61%
P/E	37.8X	19.9X	-48%

2022 IPO PRICE
13.5€

47% decrease →

31/01/2024 PRICE
7.18€

Despite a significant decline in multiples, for us the current price remains fair

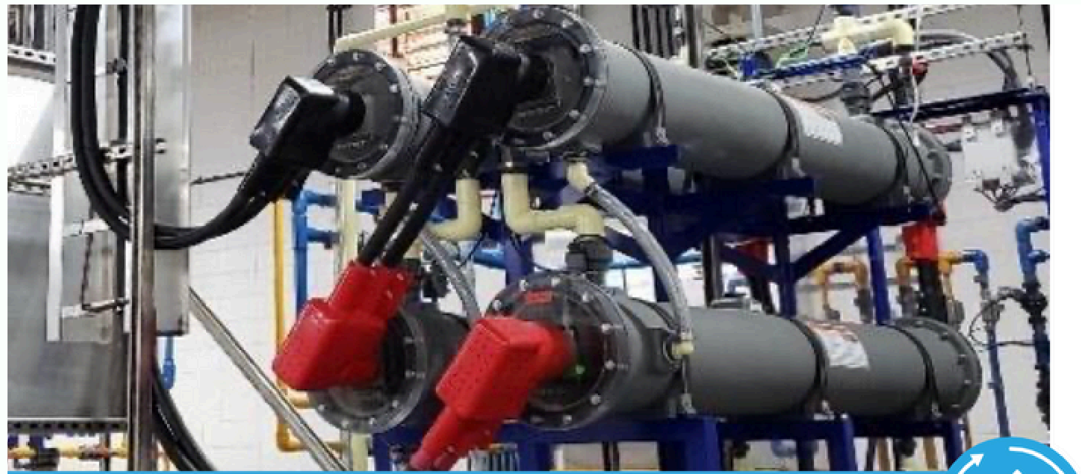
De Nora : 3 divisions one soul

ELECTRODE TECHNOLOGIES

The world's largest supplier of high-performing coatings and **electrodes** for industrial applications

ENERGY TRANSITION

Leader in emerging sustainable technologies and with a key role in **Green Hydrogen** market



WATER TECHNOLOGIES

Recognized provider of disinfection and filtration solutions for **water** and **wastewater treatment**

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Corporate Strategy

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Organic growth

De Nora has set ambitious goals of continuous growth with a strong focus on **electrolysis technology**

Strategic partnerships

Strategic partnership with **Snam** and their strategic joint venture with **Thyssenkrupp**

thyssenkrupp

snam

thyssenkrupp nucera

Leadership in Electrochemical solutions

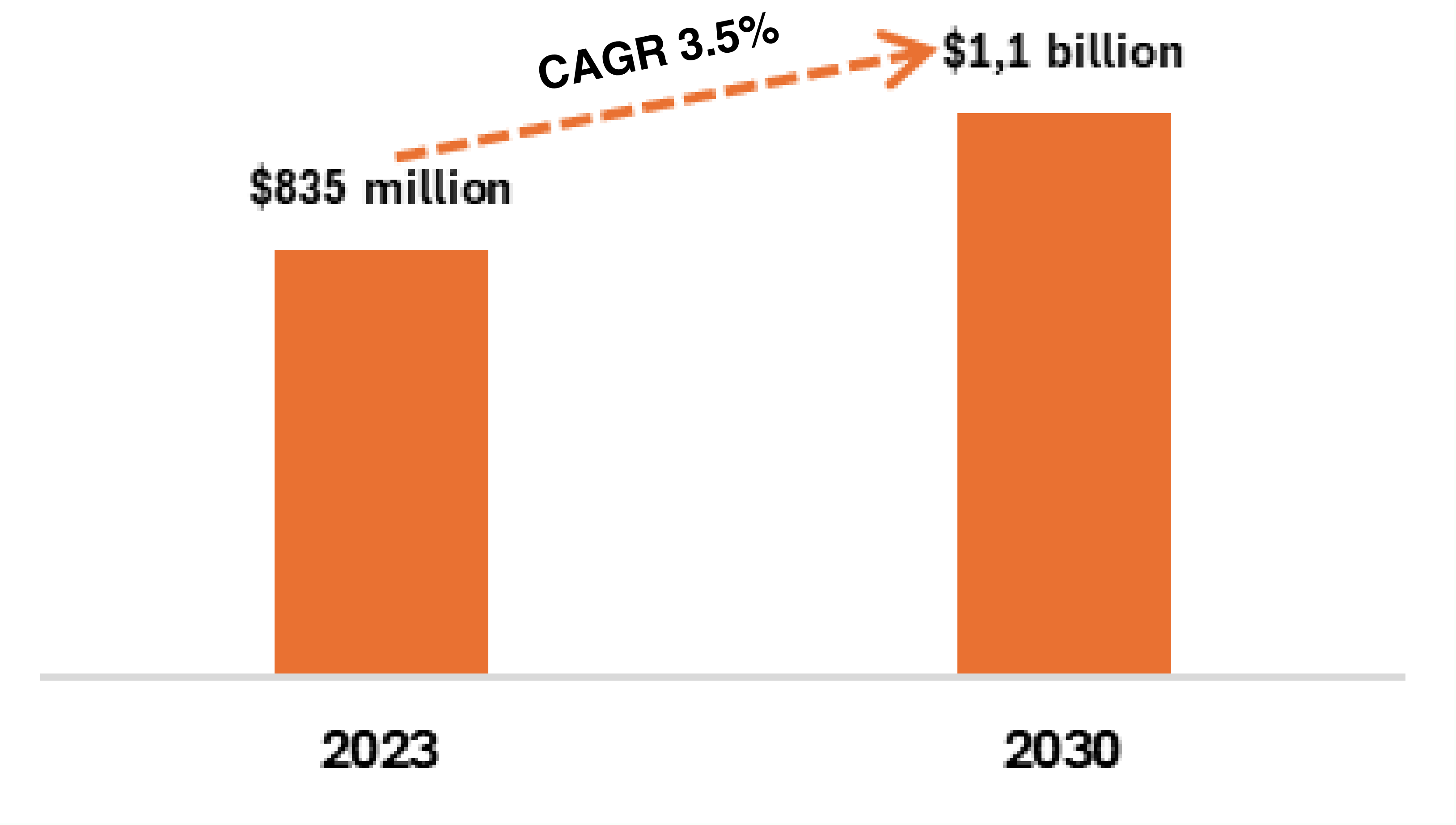
Focus on maintaining its **leadership position** in the water and electrode business segments sustaining product excellence

Expansion of manufacturing capacity

Expansion in site production in **China** and **Gigafactory** in Milan

Chlor-alkali equipment market

Market value



Source: Fortune Business Insight

Key drivers

- Increasing demand for high purity chemicals
- Rising demand for PVC
- Necessity to upgrade aging plants

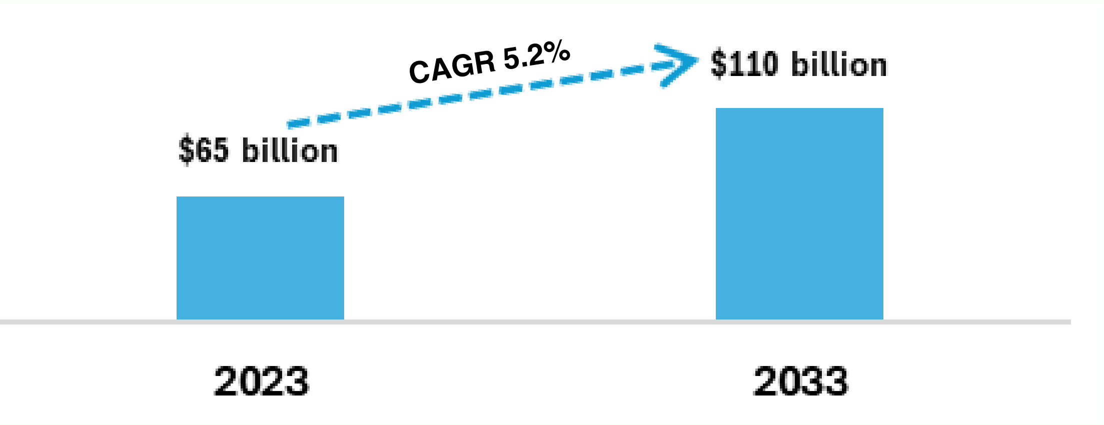
Constraints

- Highly sensitive to fluctuations in energy prices
- Capital intensive

DNR holds a **leading position** (+50% market share) in the **electrode segment**, characterized by limited competition and a substantial installed base, supported by deep know how and robust global footprint, essential in a market where customer proximity is crucial. Key competitors are Permascand, INEOS and Asahi Kasei

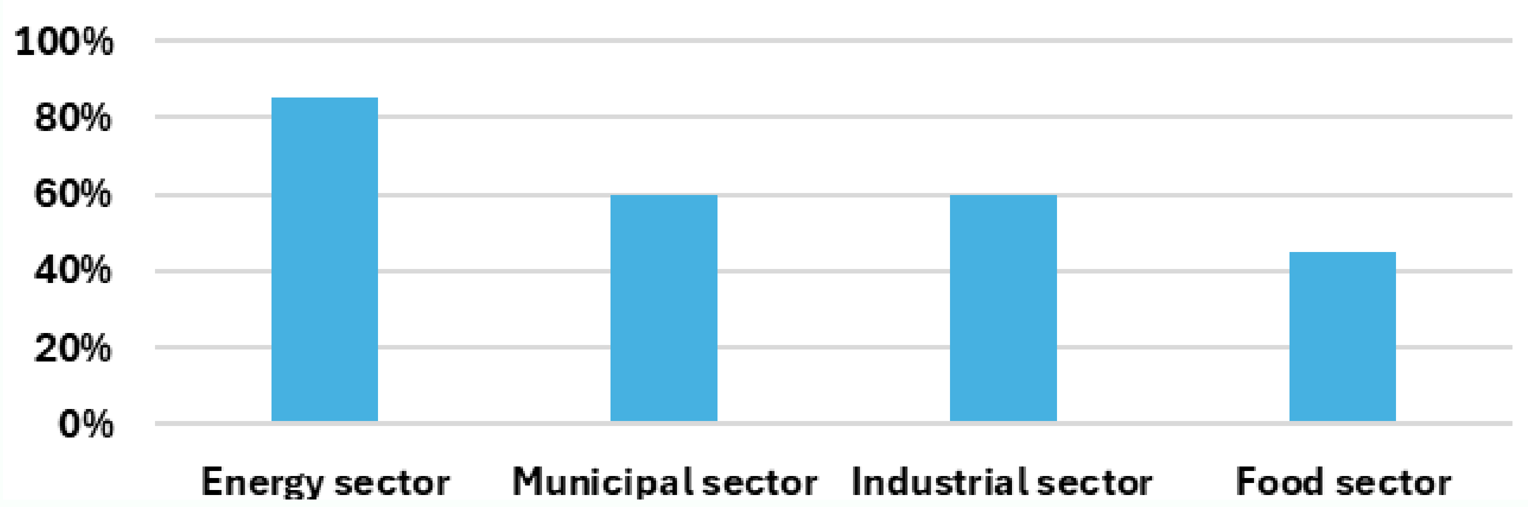
Water and wastewater treatment equipment market

Market value



Source: Spherical Insight & Consulting

Projected water demand increase by 2050



Source: World Bank Group

Key drivers

- **Water scarcity**
- **Stringent environmental regulation (PFAS)**
- Government initiatives and investments

Constraints

- High cost of water treatment infrastructures
- Heavy reliance of municipal segment on funding allocated to public adiministrations

DNR **leads electrodes for salt chlorinators**, with **nearly 80% market share** and has a **strong position in industrial chlorination and municipal filtration and disinfection.** However, growth may be limited by larger, vertically integrated players, like Xylem and Veolia, with integrated and more diversified product portfolios

Hydrogen electrolyser market

An hydrogen electrolyser is a device to produce green hydrogen by using renewable energy sources

Green hydrogen market

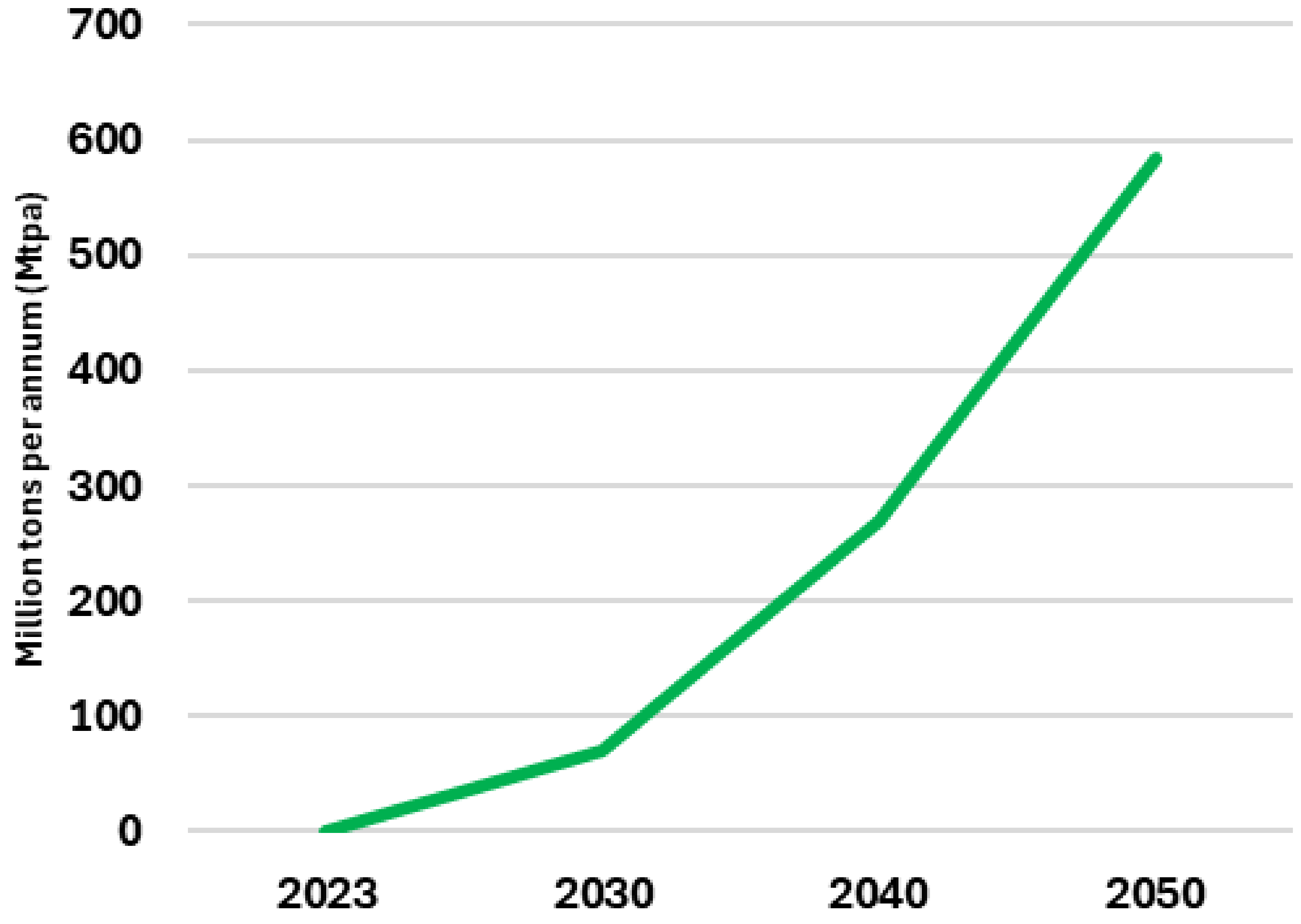
Key drivers

- Increase in clean hydrogen demand (**substantial project delays**)
- **Governments' hydrogen specific policies and incentives**
- Decarbonisation process of a wide range of sectors

Constraints

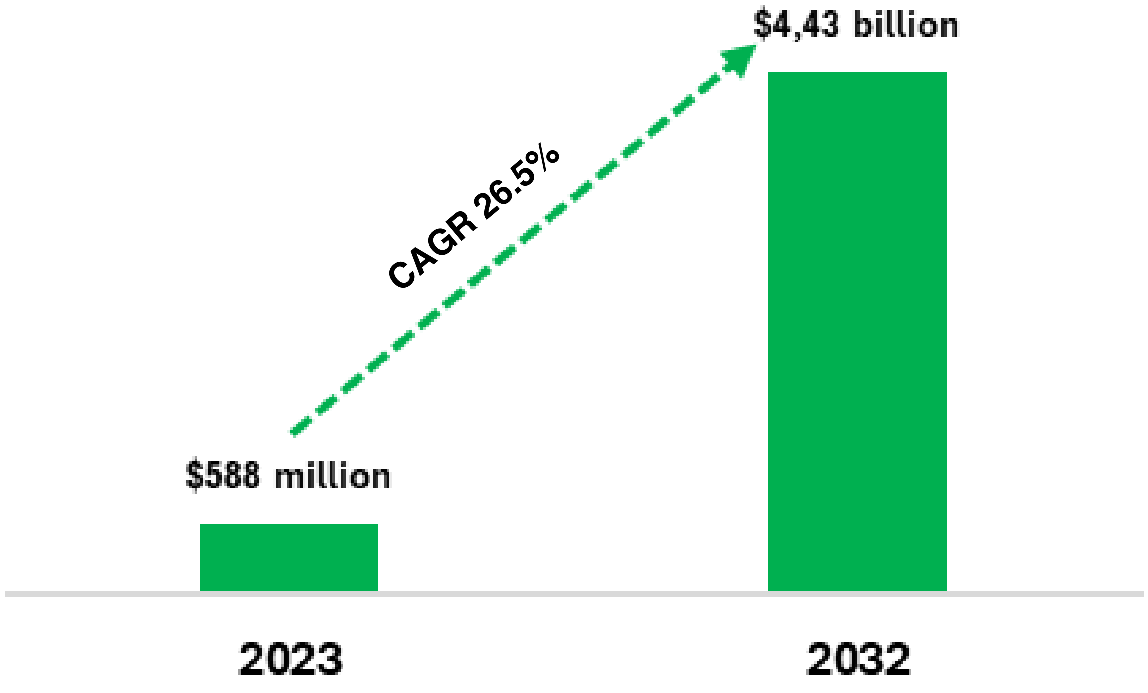
- **High production costs**
- Heavy **reliance on strategic materials**
- Regulatory uncertainties

Global clean hydrogen demand in the scenario "net zero by 2050"



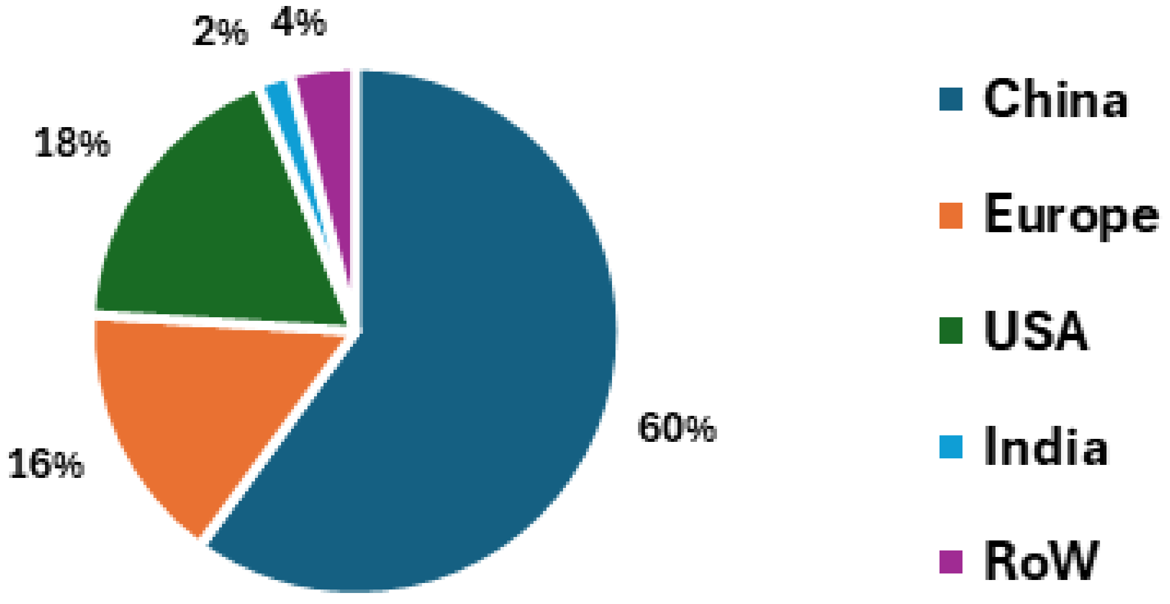
Source: Mckinsey & Company

Market value



Source: Global Market Insight

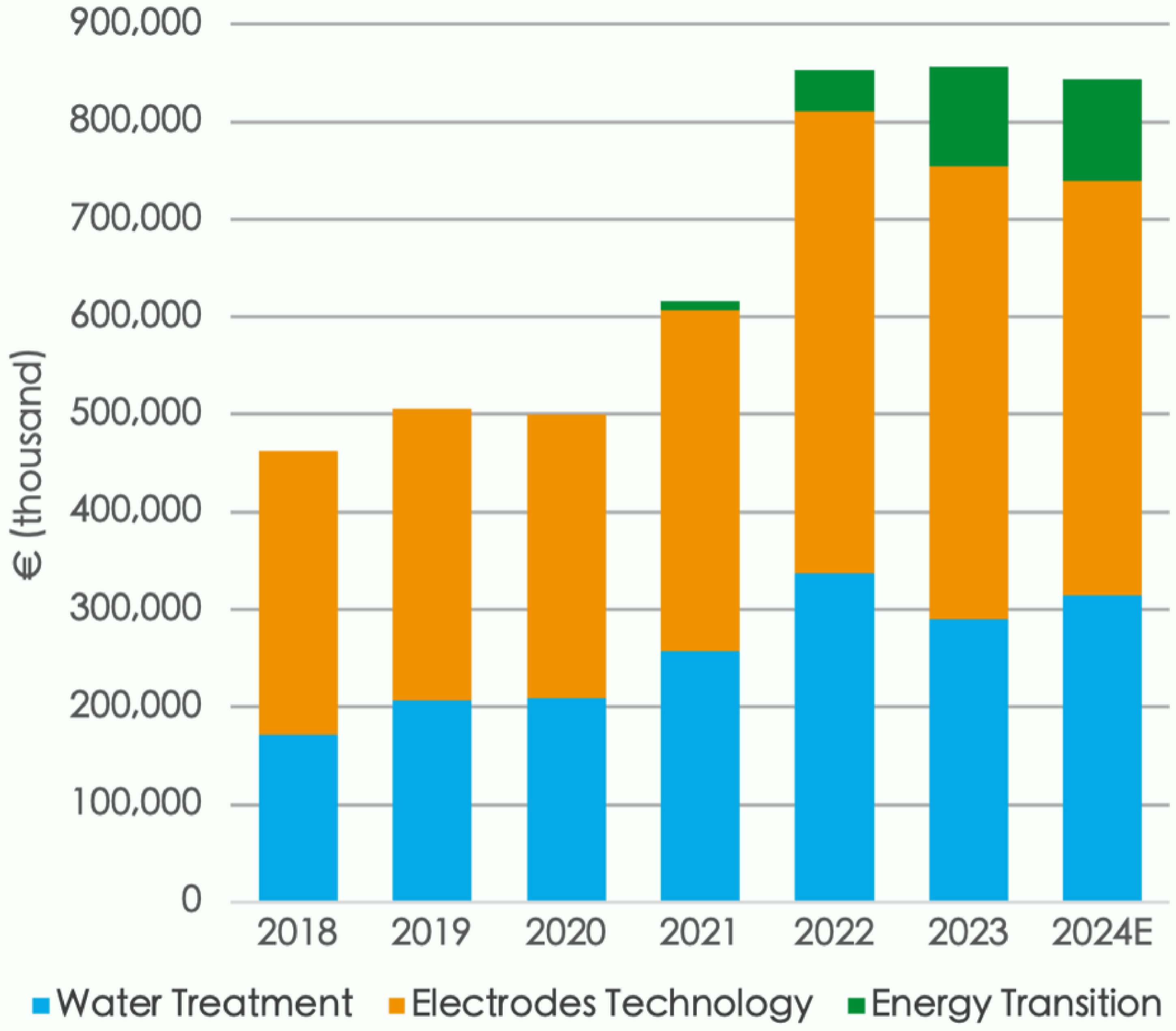
Electrolyser manufacturing capacity by region in 2023



Source: International Energy Agency

DNR is a **leading provider of Alkaline Water Electrolysis (AWE) components**, with greater electrode capacity than its competitors and safeguards his position through significant investments in new solutions and its strategic partnerships. Competition is from Nel Hydrogen, McPhy, Siemens and ITM Power.

Revenues Breakdown



ET - €464 million 2023 2018-2023 **CAGR 10%**

- **Revenues dropped in 2023 by 8.6% YoY in the first 9 months of 2024** due to destocking phase in the electronics market, a consequence of the post COVID boom.

WT - €290 million 2023 2018-2023 **CAGR 11%**

- Water scarcity and stricter PFAS regulations drive demand for desalination and advanced filtration solutions. Competitive pressure in Asia, where xylem and Evoqua, being larger and offering more chomprehensive services, can pose a significant challenge.

ETs - €102 million in 2023 2021-2023 **CAGR 230%**

- Revenues increase in 2023 due to execution of important projects in Germany throught the JV with **tk nucera**. Revenues are primarily derived from new installations (98% of segment revenues).

Business → **Industry** → **Financials** → **Valuation** → **ESG**

Numbers in €thousand

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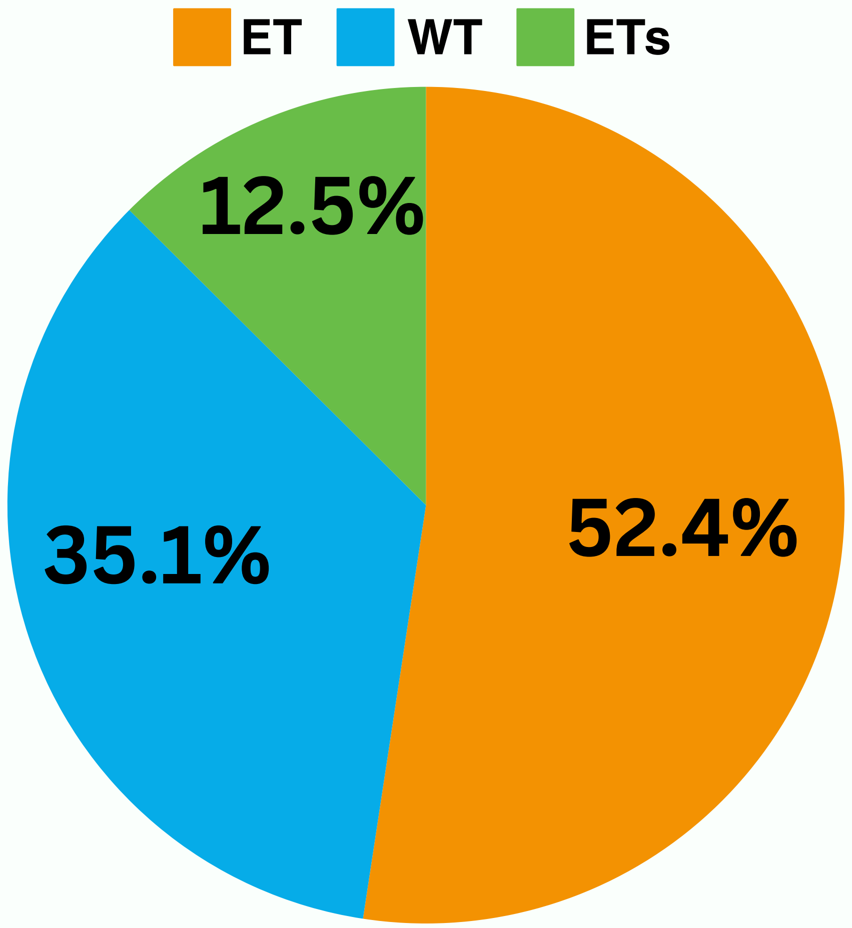
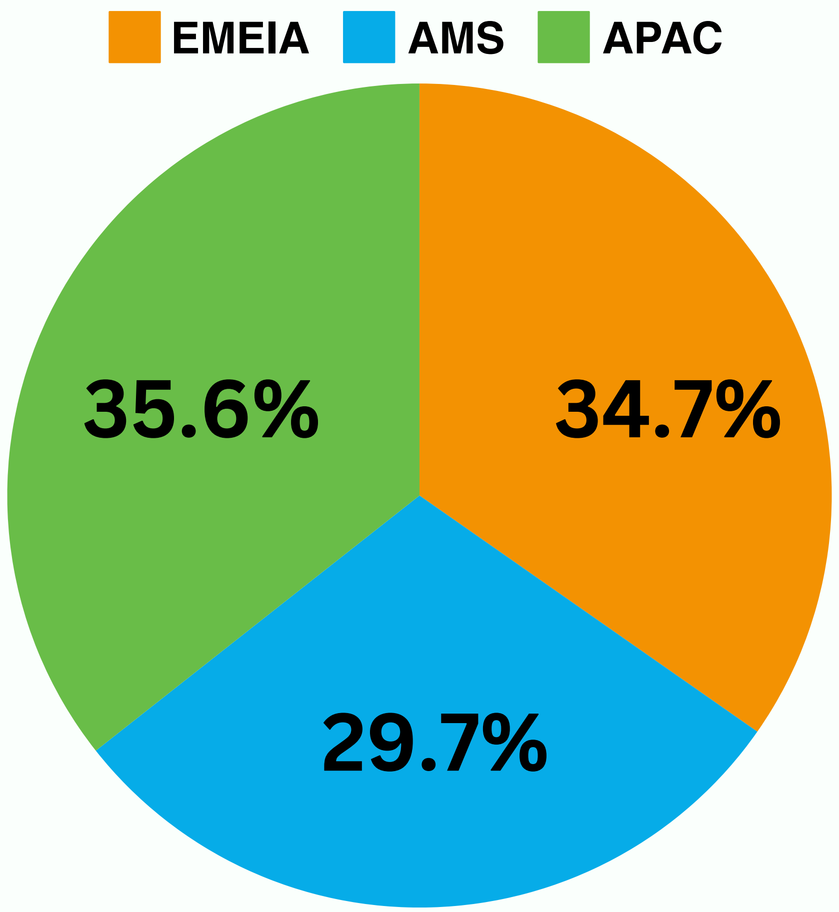
Revenues	3Q2023	2023	3Q2024	LTM	% of LTM
EMEIA	230,639	**308,396**	209,639	**287,396**	**35%**
AMS	195,487	**257,834**	183,198	**245,545**	**30%**
APAC	203,631	**290,181**	208,435	**294,985**	**36%**
ET	352,707	**464,214**	322,347	**433,854**	**52%**
WT	208,437	**289,962**	208,705	**290,230**	**35%**
ETS	68,613	**102,235**	70,171	**103,793**	**13%**

LTM Revenues by Sector

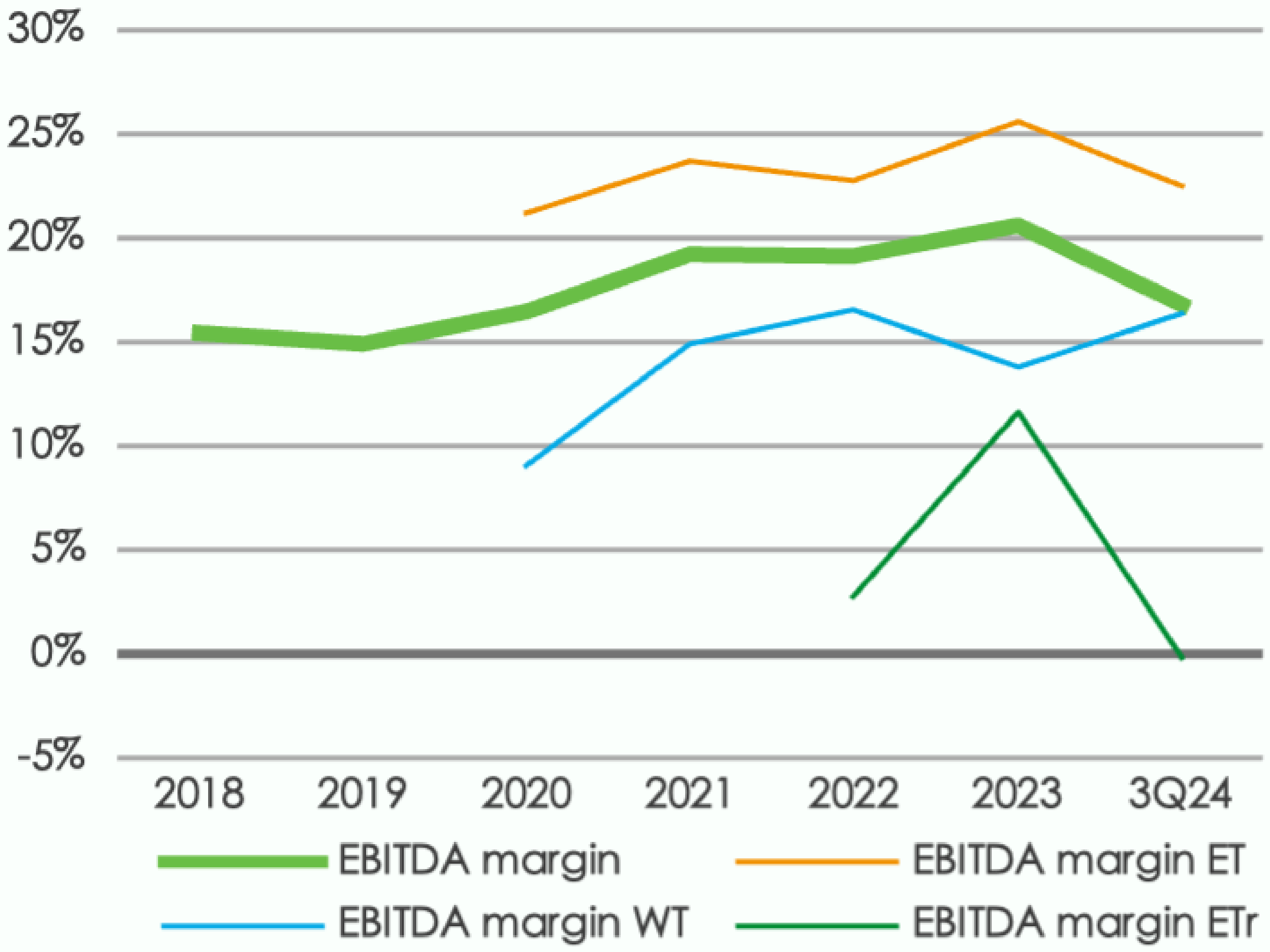


LTM Revenues by Region



- **Strong Geographic Diversification**: DNR operates across multiple regions, ensuring a well-distributed revenue base.
- **Improving Sector Diversification**: While diversified across sectors, Electrode Technologies still accounts for over 50% of total revenues.
- **Flexible and Adaptive Business Model**: DNR can adjust production to meet demand in high-growth regions and sectors.

EBITDA Margin by Sector



ET - EBITDA margin 3Q2024 22.5%

- **Most profitable segment**, EBITDA margin up from 21% (2018) to 26% (2023), but down to 22.5% in Q3 2024.

WT - EBITDA margin 3Q2024 16.4%

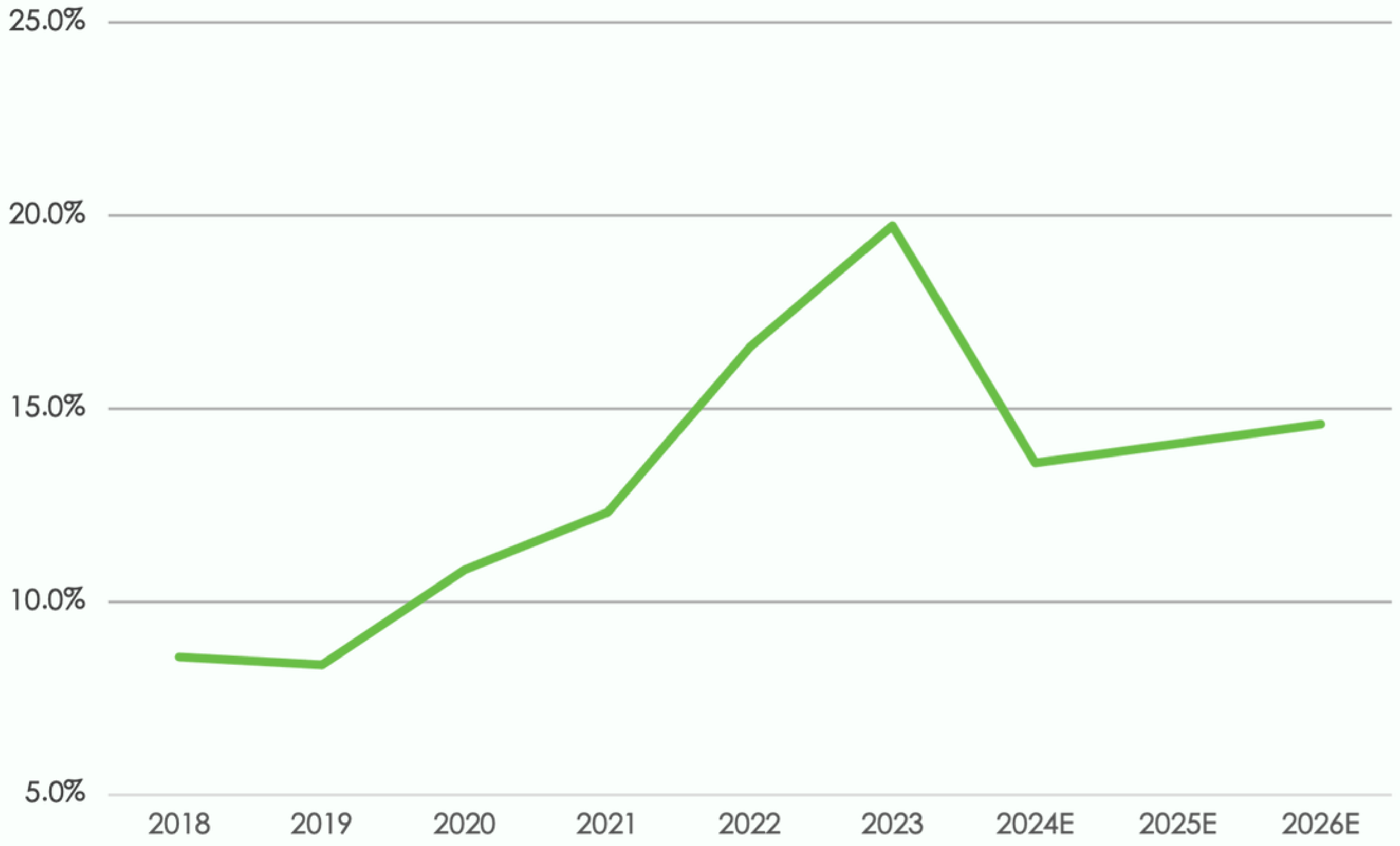
- Competitive pressures and market cycles (2022 EBITDA margin Evoqua 17.14%)

ETs - EBITDA margin 3Q2024 -0.2%

- Significant **improvement in 2023** (2.8% → 11.7%) due to **backlog execution**, but **turned negative (-0.2%) in 3Q 2024** due to **project delays** and **higher green hydrogen costs**.

The **ETs** business has **reduced overall operating profitability** mainly due to a **decline in sales efficiency**

Strong Post-IPO **ROIC Growth**, but 2024 Decline



- 2024 after tax ROIC contraction due to **delays in project execution** and **cost pressures in green hydrogen.**

Impact of Elevated ETs Revenues: Decline in **Capital Turnover** (*Revenues/NIC*)

- Capital Turnover decline signals **lower sales efficiency**.
- Capacity expansion (**Gigafactory in Italy, 4.5 GW by 2026**) aims to enhance scalability and stabilize profitability.

Cash Flow Bridge 2018-Q324

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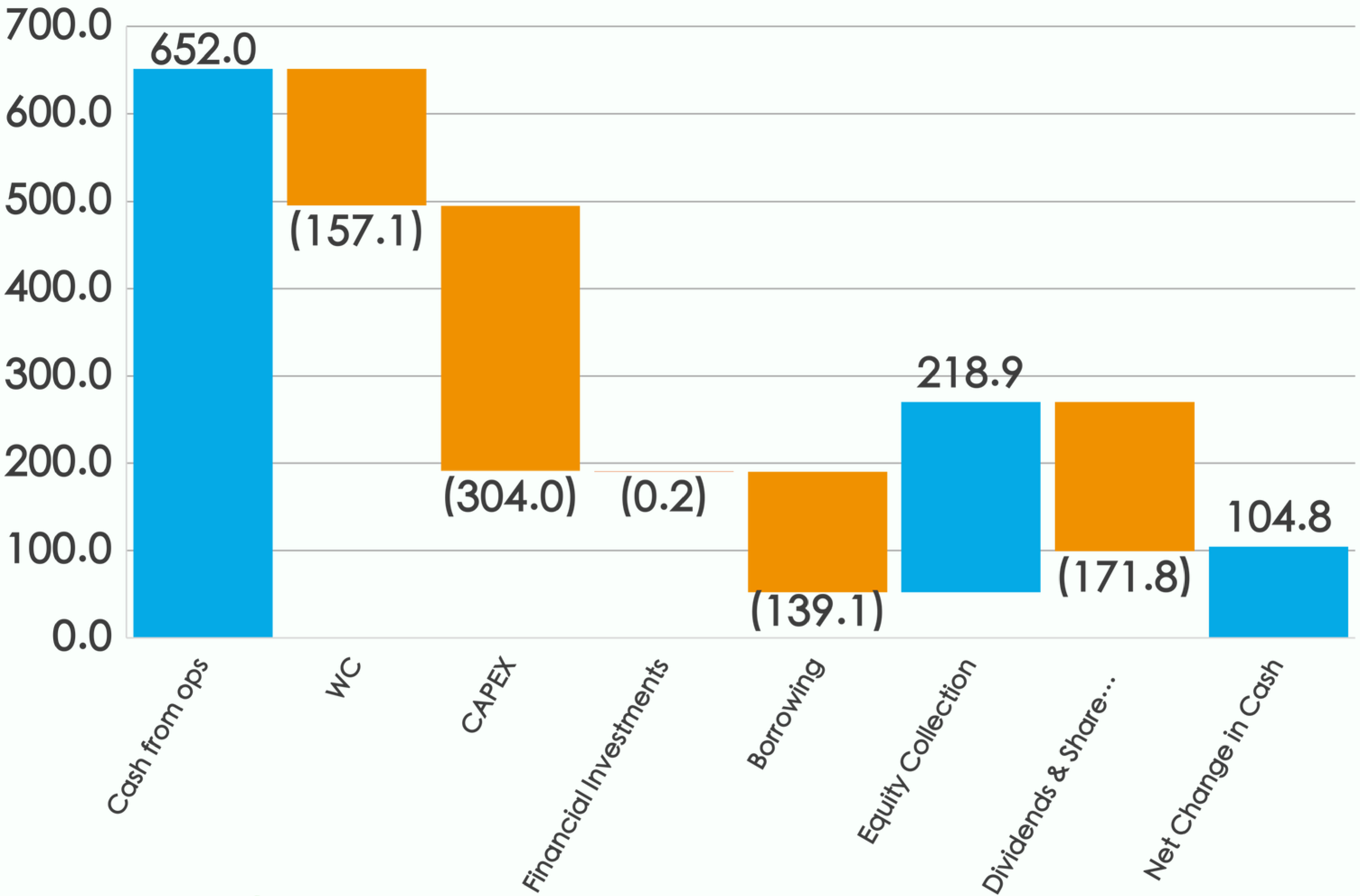
Numbers in €million

- **Cash Flow Allocation**: 47% CAPEX, 24% Working Capital.
- **IPO Proceeds** (c.€200m): Used for debt repayment, excess cash.
- **Buyback**: 1.5% shares repurchased for €43M (from NOV-23/APR-24).



Business → Industry → **Financials** → Valuation → ESG

Strong Financial Position & Strategic Flexibility

YEAR	2021	2022	2023	2024E
EQUITY	454.0	744.8	910.2	908.0
NFP	189.3	107.1	- 54.6	- 19.8
LONG TERM DEBT	3.8	267.5	133.7	137.6
SHORT TERM DEBT	259.4	13.7	10.2	15.2
C&CE	73.8	174.1	198.5	172.6

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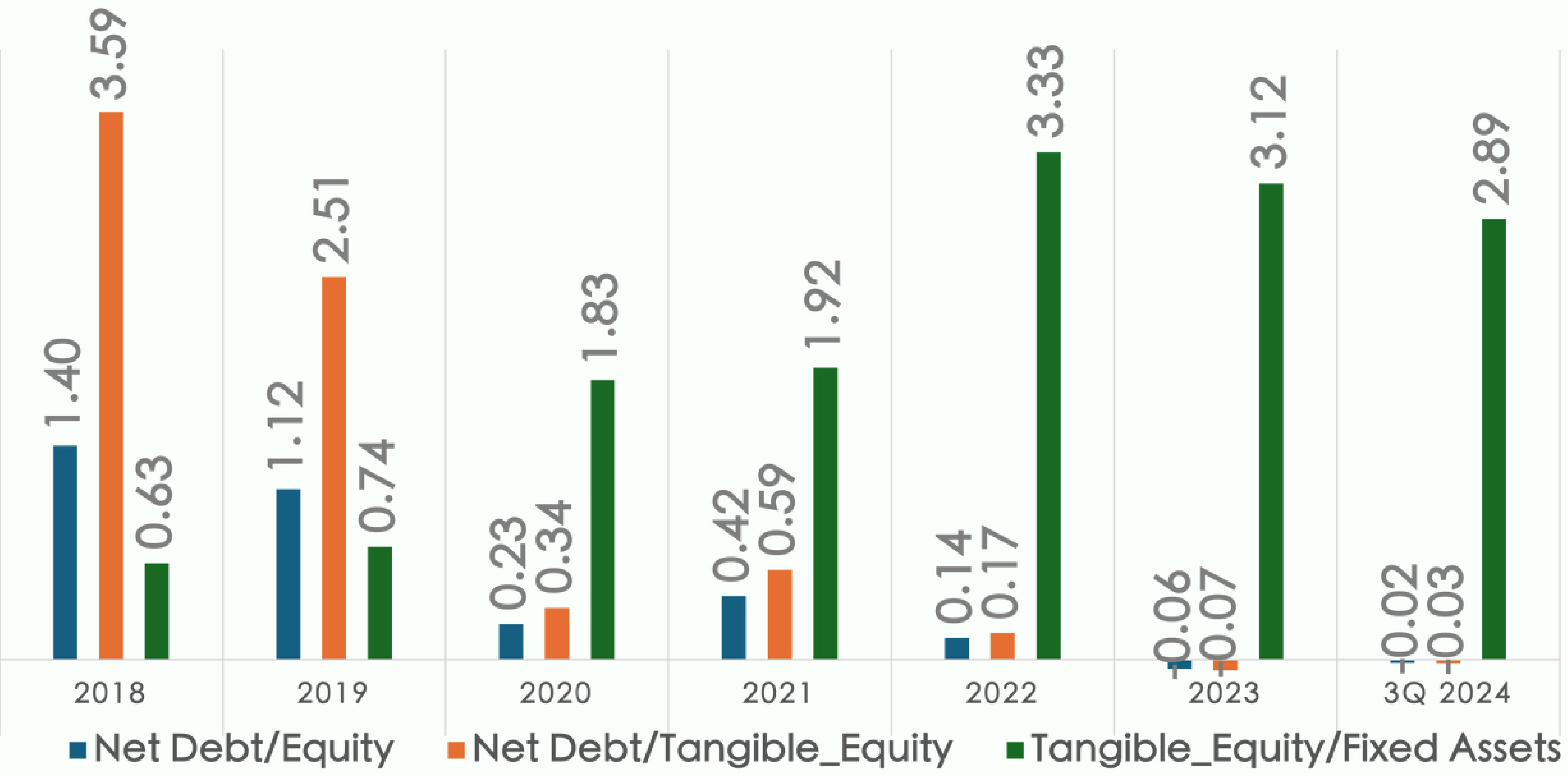
Numbers in €million

YEAR	2021	2022	2023	2024E	2025E	2026E
CAPEX (€ML)	31.0	46.1	88.5	65.0	80.0	100.0
NWC (€ML)	250.2	271.5	258.6	266.0	274.2	287.8
CAPEX COVERAGE	- 0.3	2.6	1.7	1.6	1.1	0.9
CAPEX/D&A	1.2	1.6	2.9	2.0	2.4	2.8
FOCF	- 9.1	119.6	146.4	104.5	87.9	92.2

- **€137M in long-term debt**, but no material short-term debt due to a **Net Cash position of €19.83M** (Q3 2024).
- **Net self-financing** provides **financial stability** and growth capacity.
- **Strategic flexibility** maintained to support **future investments, acquisitions, and technology expansion.**



Is the company's **debt level too low** for a company still primarily operating in **mature markets** with **predictable cash flows**?

Business → **Industry** → **Financials** → **Valuation** → **ESG**

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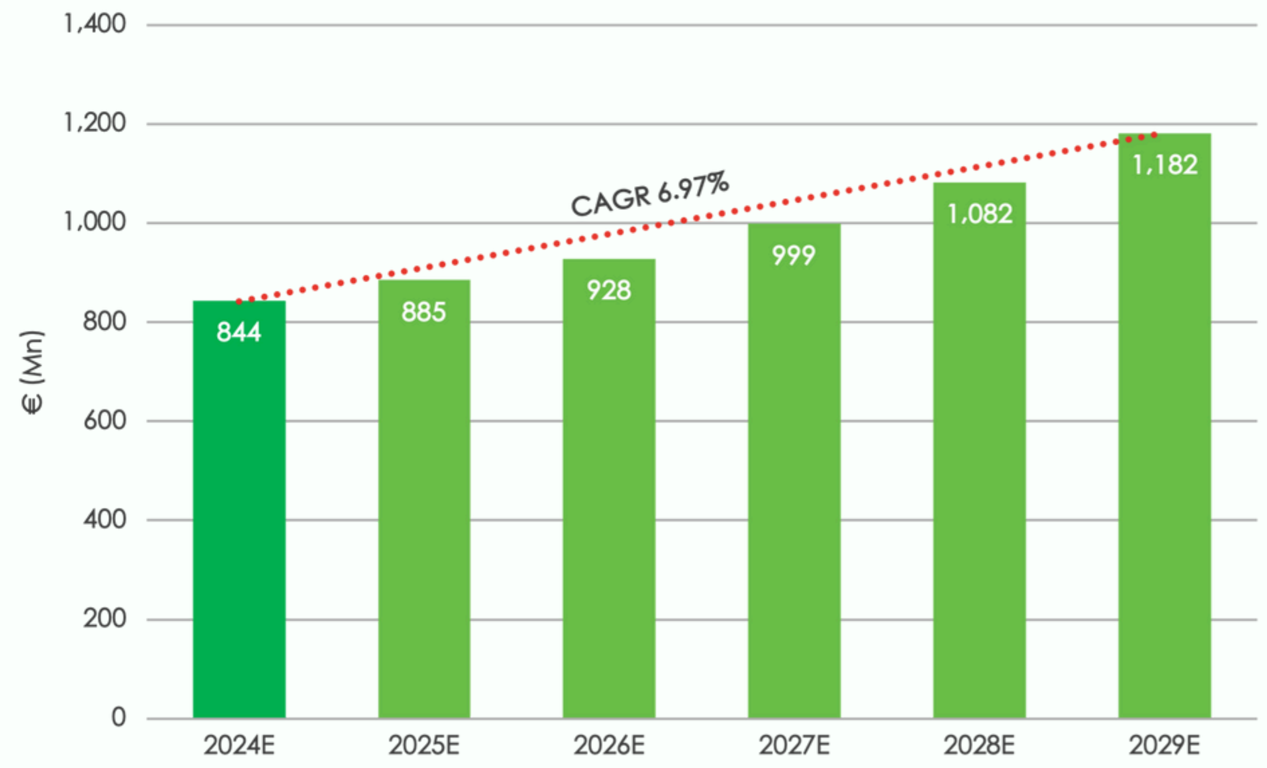
Future assumptions: **Revenues**

2024E revenues were obtained by annualizing 3Q24 in line with what happened in FY23

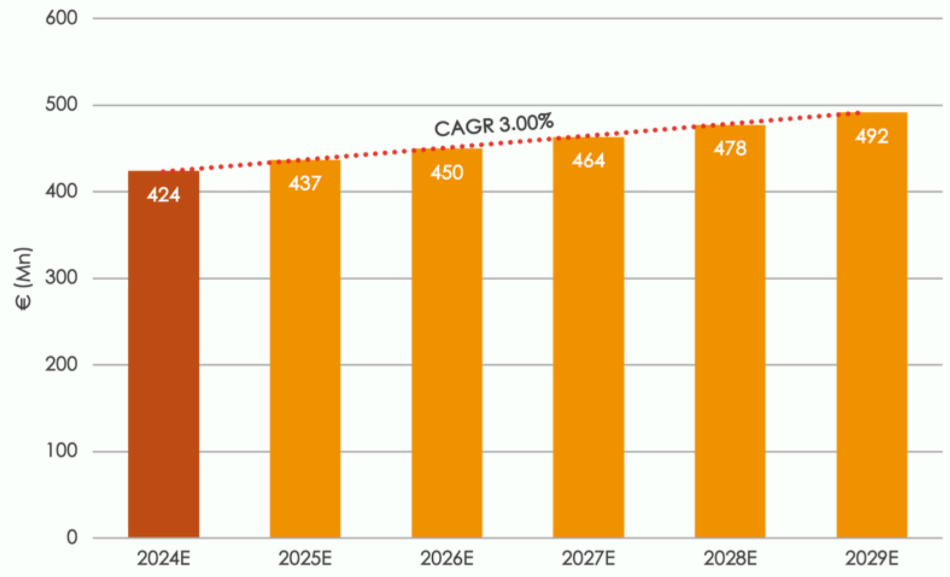
Segment CAGR:

- Electrode Technologies: **3.00%**
- Water Technologies: **5.00%**
- Energy Transition: **22.48%**

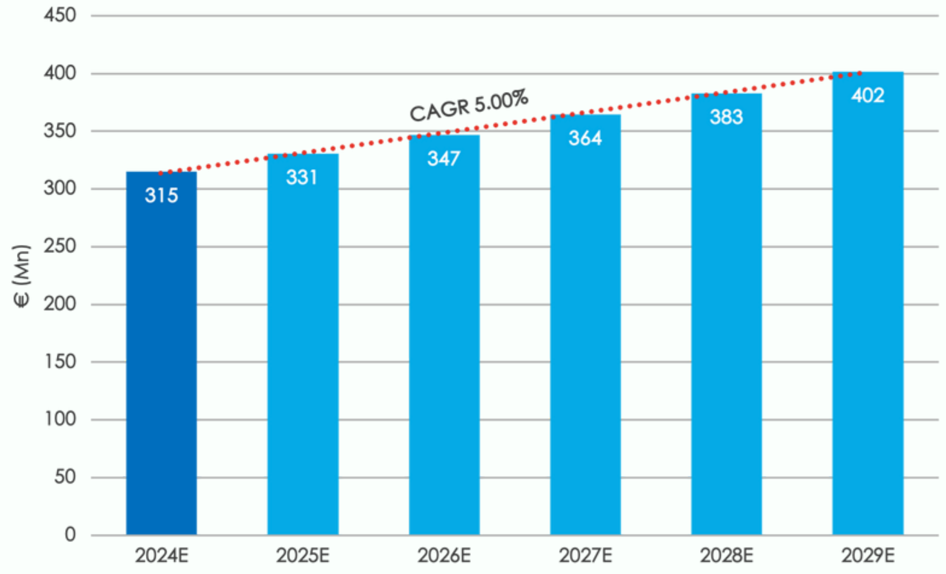
DNR revenues breakdown



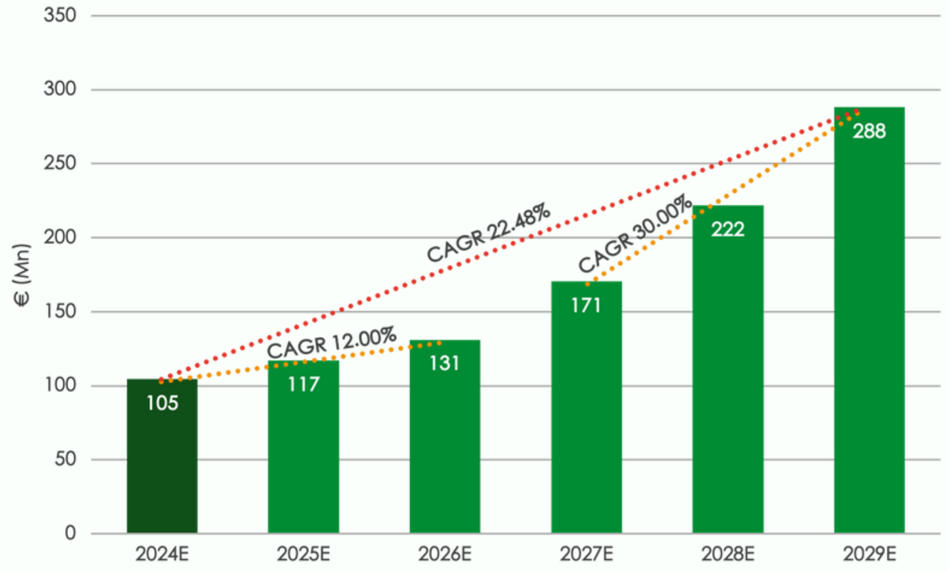
Electrode Technologies



Water Technologies



Energy Transition

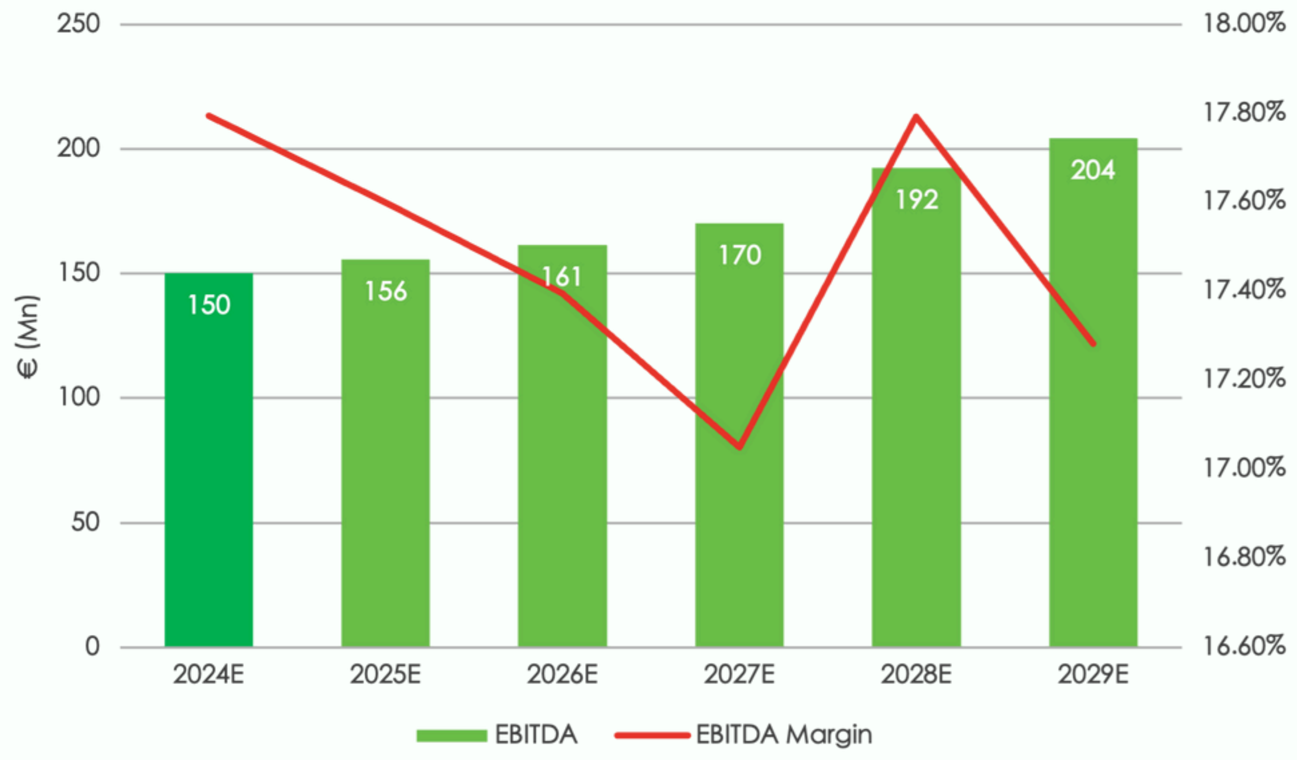


Business → Industry → Financials → **Valuation** → ESG

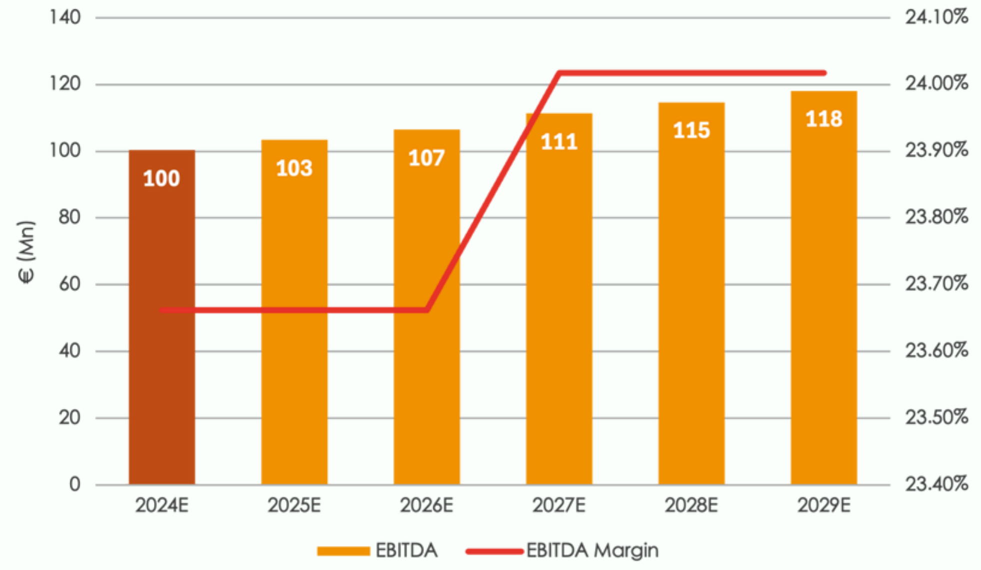
Future assumptions: **Profitability**

An **overall EBITDA margin** of **17.6%** expected for **2025**, in line with management's guidance with a slight decline to **17.3%** by **2029E** driven by the increasing contribution of the less profitable Energy Transition segment.

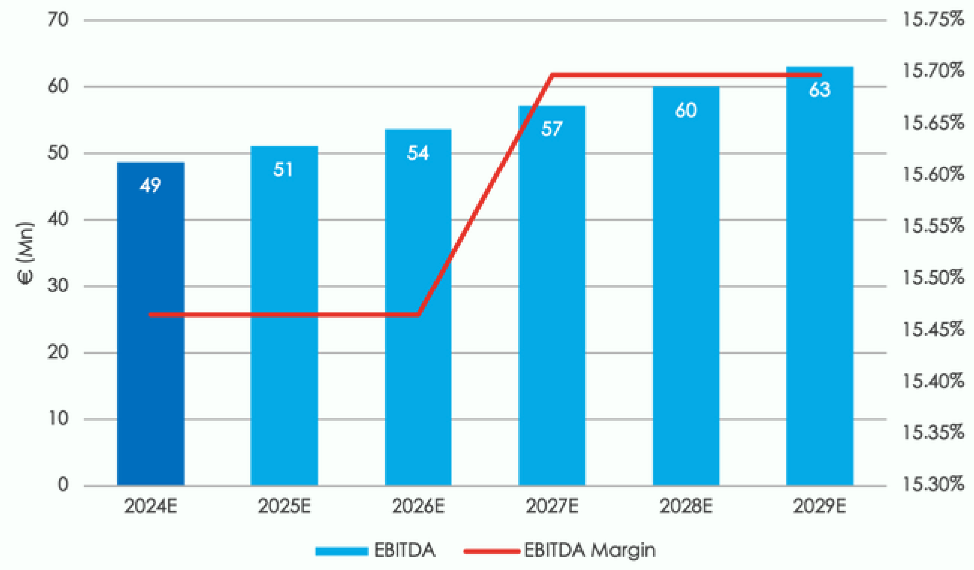
DNR EBITDA/EBITDA Margin



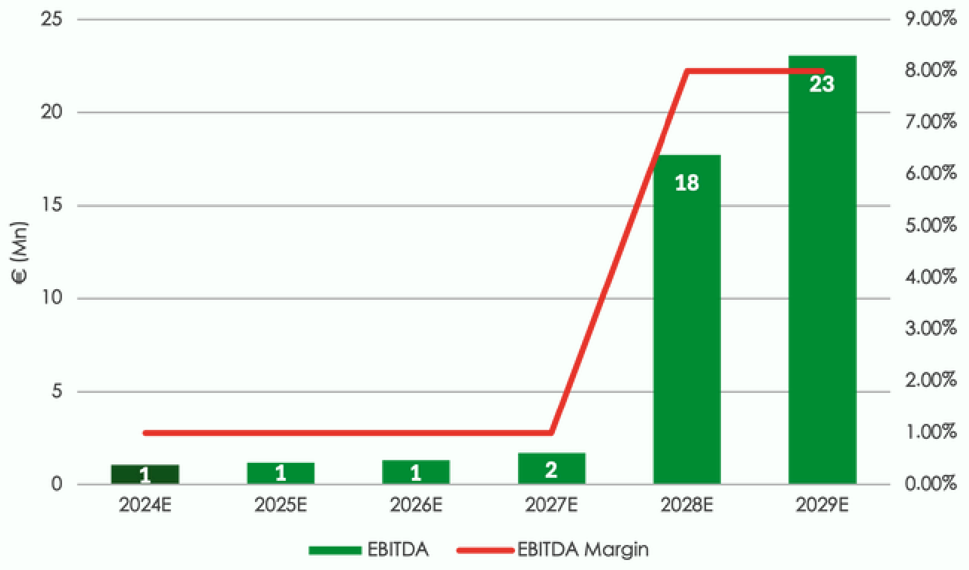
Electrode Technologies



Water Technologies



Energy Transition



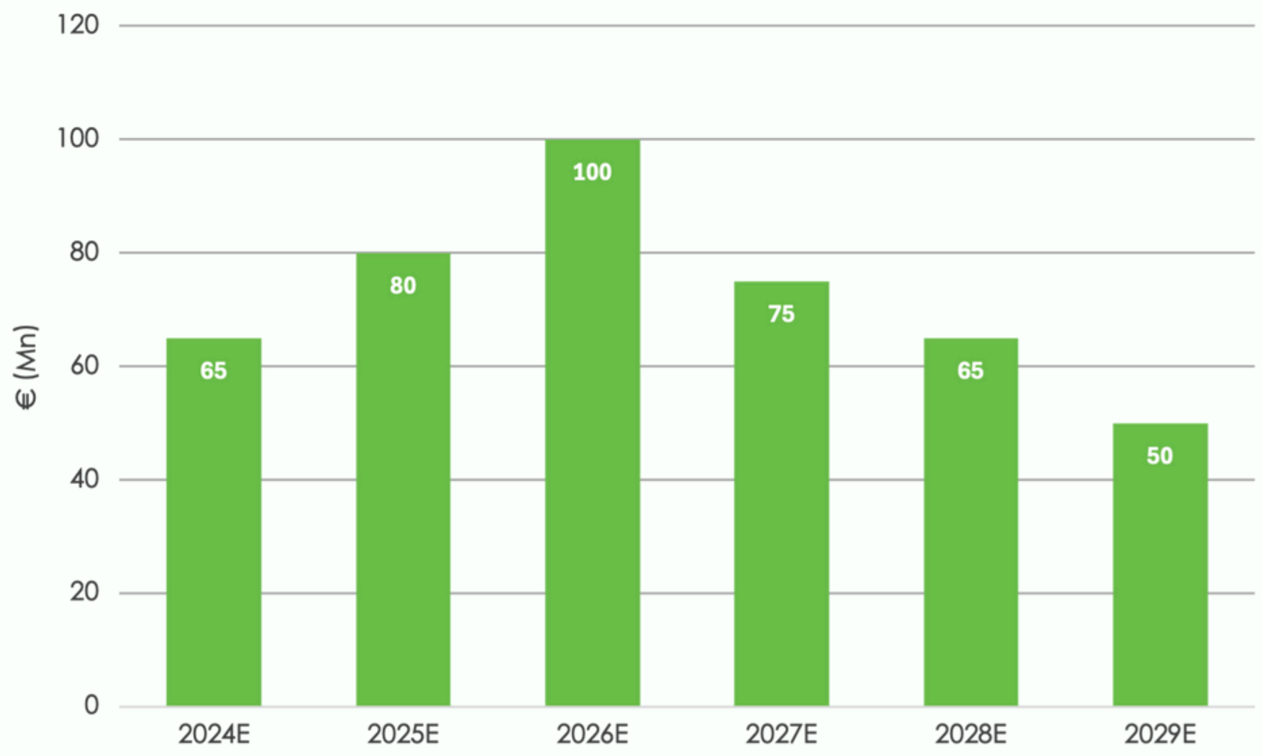
Two-Stage **DCF**

Cost of Equity	Cost of Debt	WACC	Perpetual Growth
9.60%	2.62%	8.98%	3.30%

Target Price: €8.12 **Upside: 13.1%**

Enterprise Value (Mn)	**€1,354**
Net cash (Mn)	€20
Minority interest (Mn)	€(7)
Pensions (Mn)	€(21)
25.85% of Tk Nucera (Mn)	€292
Equity value	**€1,638**
# of shares (Mn)	202
Target Price	**€8.12**

CAPEX breakdown



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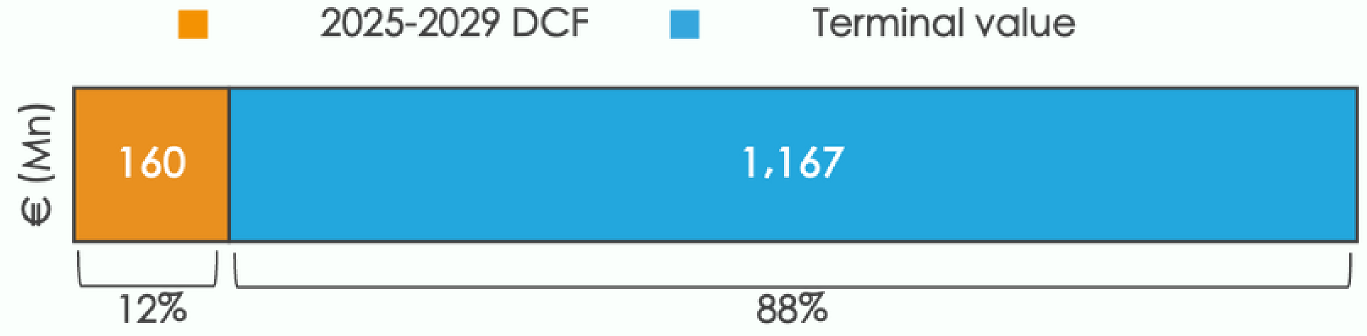
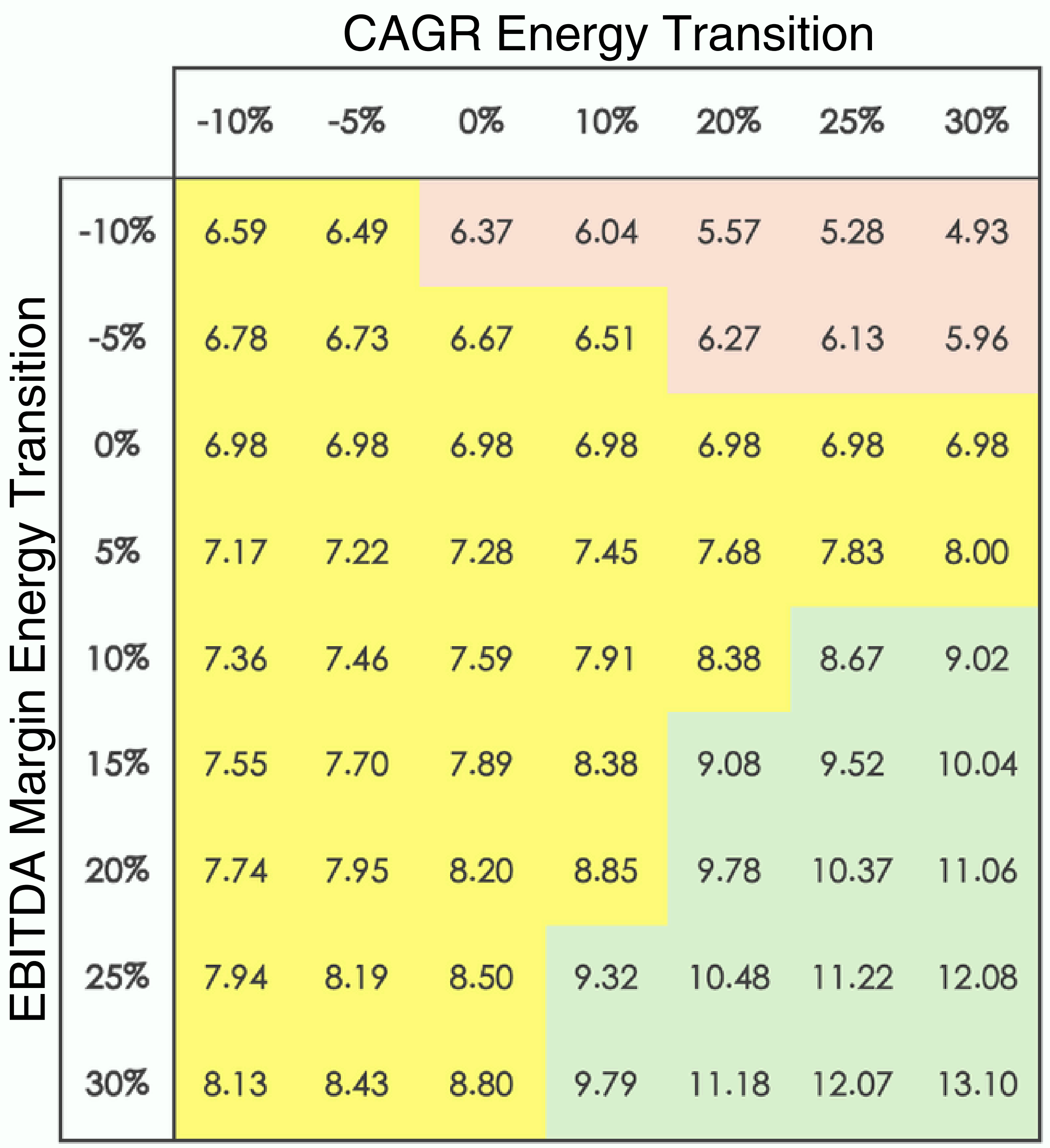
Sensitivity Analysis


Enterprise Value composition


CAGR Energy Transition

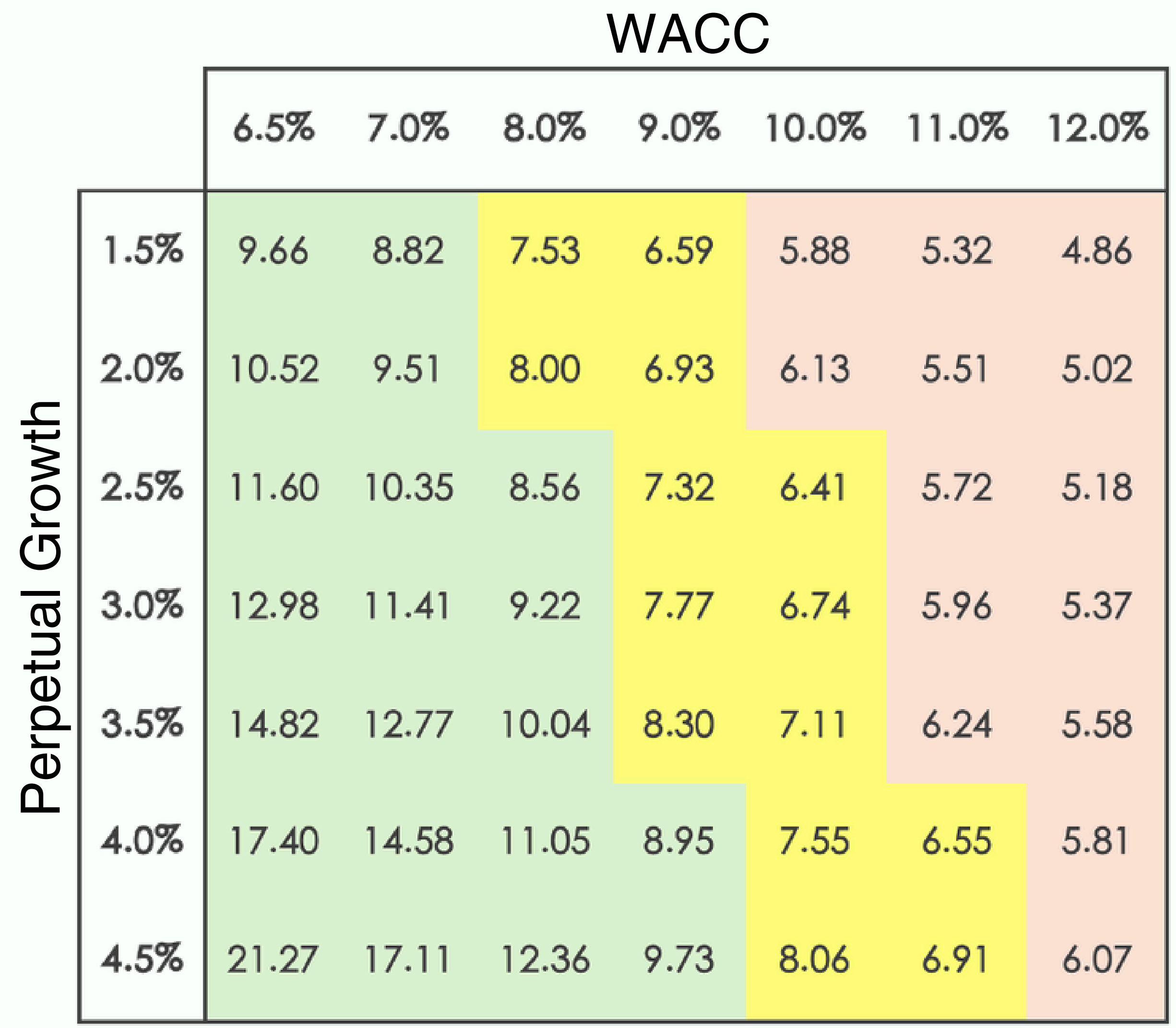
EBITDA Margin Energy Transition

	-10%	-5%	0%	10%	20%	25%	30%
-10%	6.59	6.49	6.37	6.04	5.57	5.28	4.93
-5%	6.78	6.73	6.67	6.51	6.27	6.13	5.96
0%	6.98	6.98	6.98	6.98	6.98	6.98	6.98
5%	7.17	7.22	7.28	7.45	7.68	7.83	8.00
10%	7.36	7.46	7.59	7.91	8.38	8.67	9.02
15%	7.55	7.70	7.89	8.38	9.08	9.52	10.04
20%	7.74	7.95	8.20	8.85	9.78	10.37	11.06
25%	7.94	8.19	8.50	9.32	10.48	11.22	12.08
30%	8.13	8.43	8.80	9.79	11.18	12.07	13.10

🟩 **BUY**

🟨 **HOLD**

🟥 **SELL**


WACC

Perpetual Growth

	6.5%	7.0%	8.0%	9.0%	10.0%	11.0%	12.0%
1.5%	9.66	8.82	7.53	6.59	5.88	5.32	4.86
2.0%	10.52	9.51	8.00	6.93	6.13	5.51	5.02
2.5%	11.60	10.35	8.56	7.32	6.41	5.72	5.18
3.0%	12.98	11.41	9.22	7.77	6.74	5.96	5.37
3.5%	14.82	12.77	10.04	8.30	7.11	6.24	5.58
4.0%	17.40	14.58	11.05	8.95	7.55	6.55	5.81
4.5%	21.27	17.11	12.36	9.73	8.06	6.91	6.07

Business

Industry

Financials

Valuation

ESG

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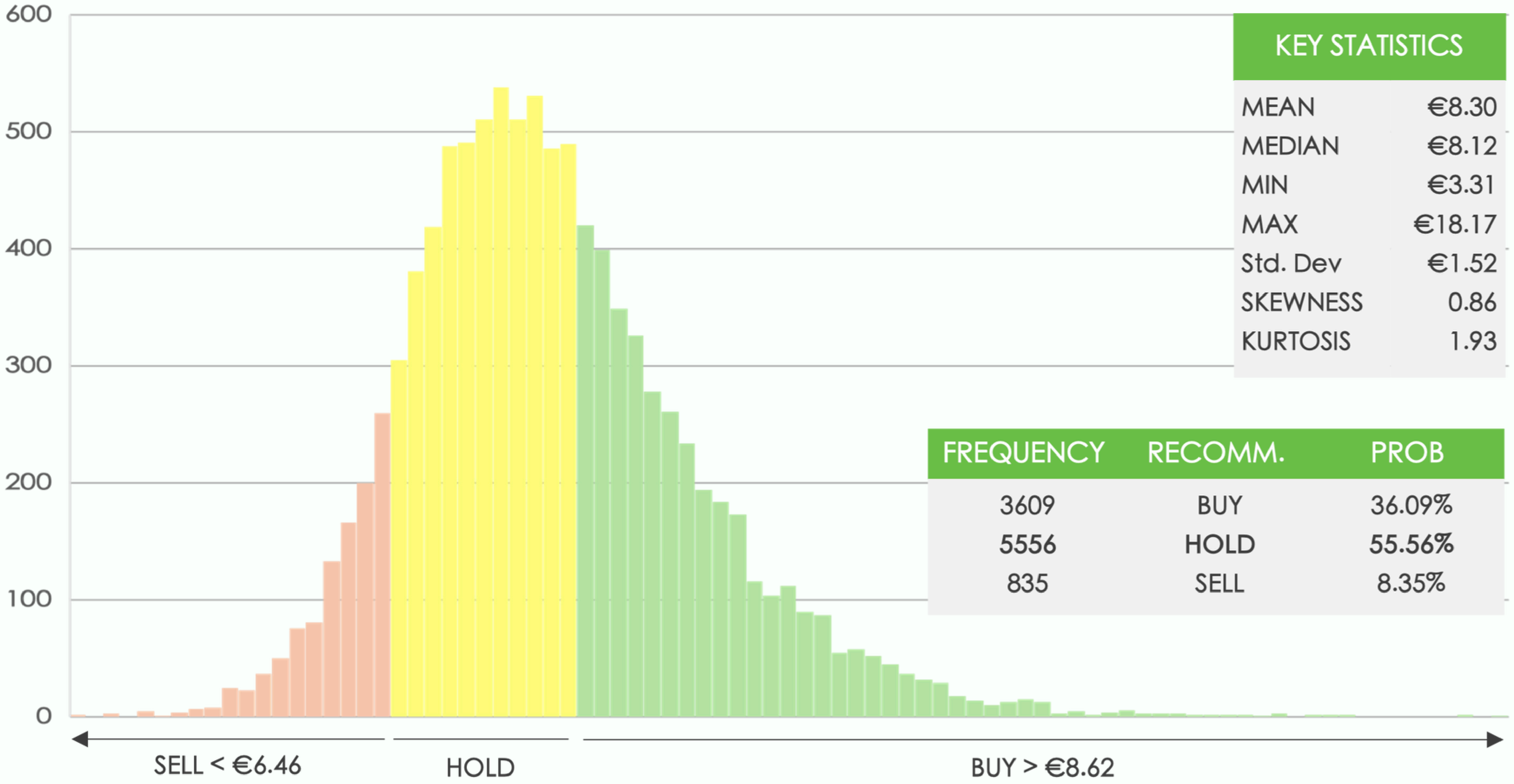
Monte Carlo simulation



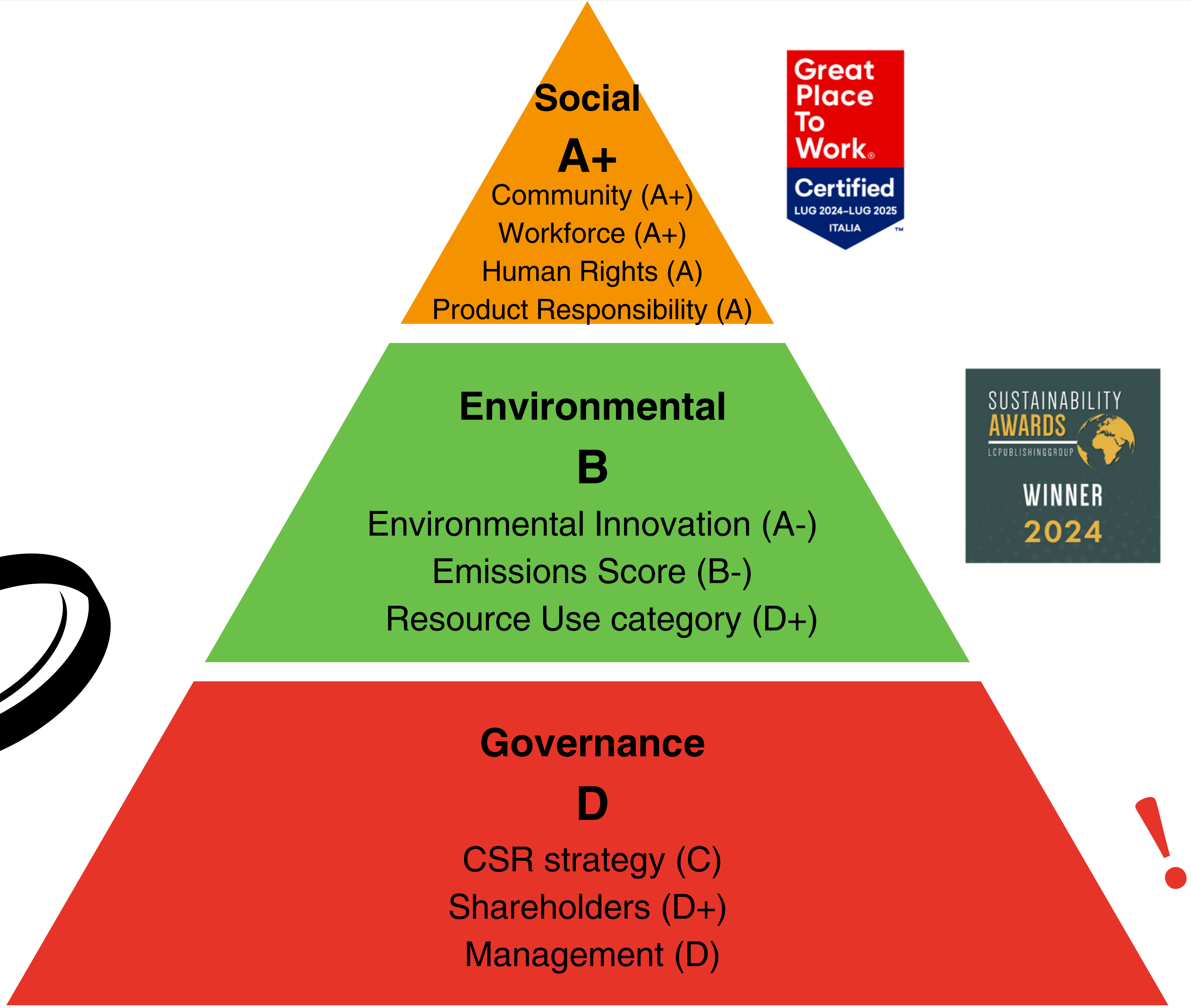
KEY STATISTICS	
MEAN	€8.30
MEDIAN	€8.12
MIN	€3.31
MAX	€18.17
Std. Dev	€1.52
SKEWNESS	0.86
KURTOSIS	1.93

FREQUENCY	RECOMM.	PROB
3609	BUY	36.09%
5556	HOLD	55.56%
835	SELL	8.35%

Business → Industry → Financials → **Valuation** → ESG

ESG positioning

	RATING	INDUSTRY COMPARISON
REFINITIV® EIKON	B	**Third quartile** of its industry (classified as Machinery, Tools, Heavy Vehicles, Trains & Ships)
MSCI	AA	**Leader** in its industry group
SUSTAINALYTICS	**22.2** **(Medium)**	Industry Group (**1st = lowest risk**) Chemicals: 74 out of 587



Social

A+

Community (A+)
Workforce (A+)
Human Rights (A)
Product Responsibility (A)

Environmental

B

Environmental Innovation (A-)
Emissions Score (B-)
Resource Use category (D+)

Governance

D

CSR strategy (C)
Shareholders (D+)
Management (D)

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ITALIA ™

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LCPUBLISHINGGROUP
WINNER
2024

!!!

Source: Refinitiv

Business → Industry → Financials → Valuation → ESG

Corporate Governance

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Sigificant instability in the CFO role:
CFO changed twice in 1 year.

Turnover among commitee members:
2 non-independent directors changed both in 2023 and 2022.

Dual-share structure granting **disproportionate voting rights** and leading to **concentration of power in the hands of De Nora Family and Snam.**

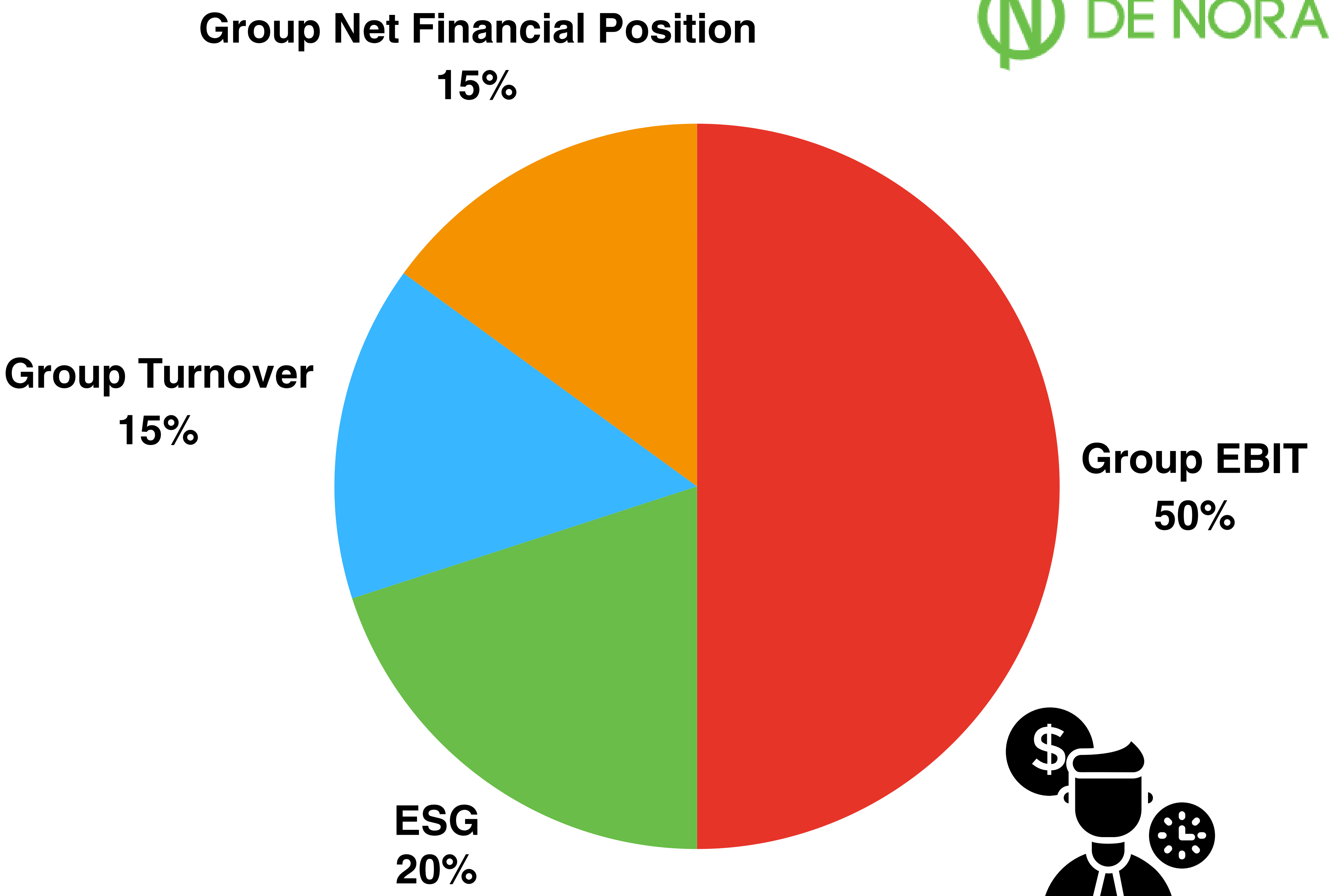
The resignation of members such as the CFO and from important committees such as risk management, ESG oversight, and strategy raises **concerns about continuity of governance and decision-making processes**. This can lead to **potential inefficiencies in long-term strategic decision-making**.

- ☑ **Duality**
- ☑ **Lead Independent Directors**
- ☑ **Gender Diversity**
- ☑ **Heterogenity in skills in the 4 committees**
- ☑ **ESG expertise**
- ☑ **ESG Governance Framework**

Business → **Industry** → **Financials** → **Valuation** → **ESG**

Remuneration structure

- **Deferred payment system**
- **Clawback** mechanism
- **Lock-up commitment to ordinary shares**
- **Variable component** of remuneration **linked to ESG** for Key Executives (10-20%) and CEO (20%)
- **No individual targets:** suggesting a focus on broader systemic objectives



Safety 10%
%kWh renewal energy 5%
DE&I 5%

CEO remuneration

Lower than selected peers

Conclusion

TARGET PRICE

€ 8.12

Upside 13.1%

HOLD

Leadership position in Electrode technology

Strong financial position

Great opportunities in the green hydrogen market

Rising competition from global players and cheaper Asian products

High capital intensive business

High uncertainty in the green hydrogen market

Appendix Map

Overview

- Geographical exposure
- Group structure
- DNR's acuisitions
- Partnership with Tyssenkrupp

Industry

- PESTEL analysis
- Porter's five forces
- Project delays
- Green hydrogen competitiveness
- Stretegic raw materials

Financials

- Reengineered Balance Sheet - sources of funds (1/2)
- Reengineered Balance Sheet - sources of funds (1/2)
- Reengineered Income Statement (1/2)
- Reengineered Income Statement (2/2)
- Reengineered Cash Flow Statement (1/2)
- Reengineered Cash Flow Statement (2/2)
- Backlog breakdown

Valuation

- WACC derivation
- Regression beta
- Optimal WACC
- FCFF projection
- Revenue and NWC growth
- Monte Carlo assumption
- Industry peer multiples

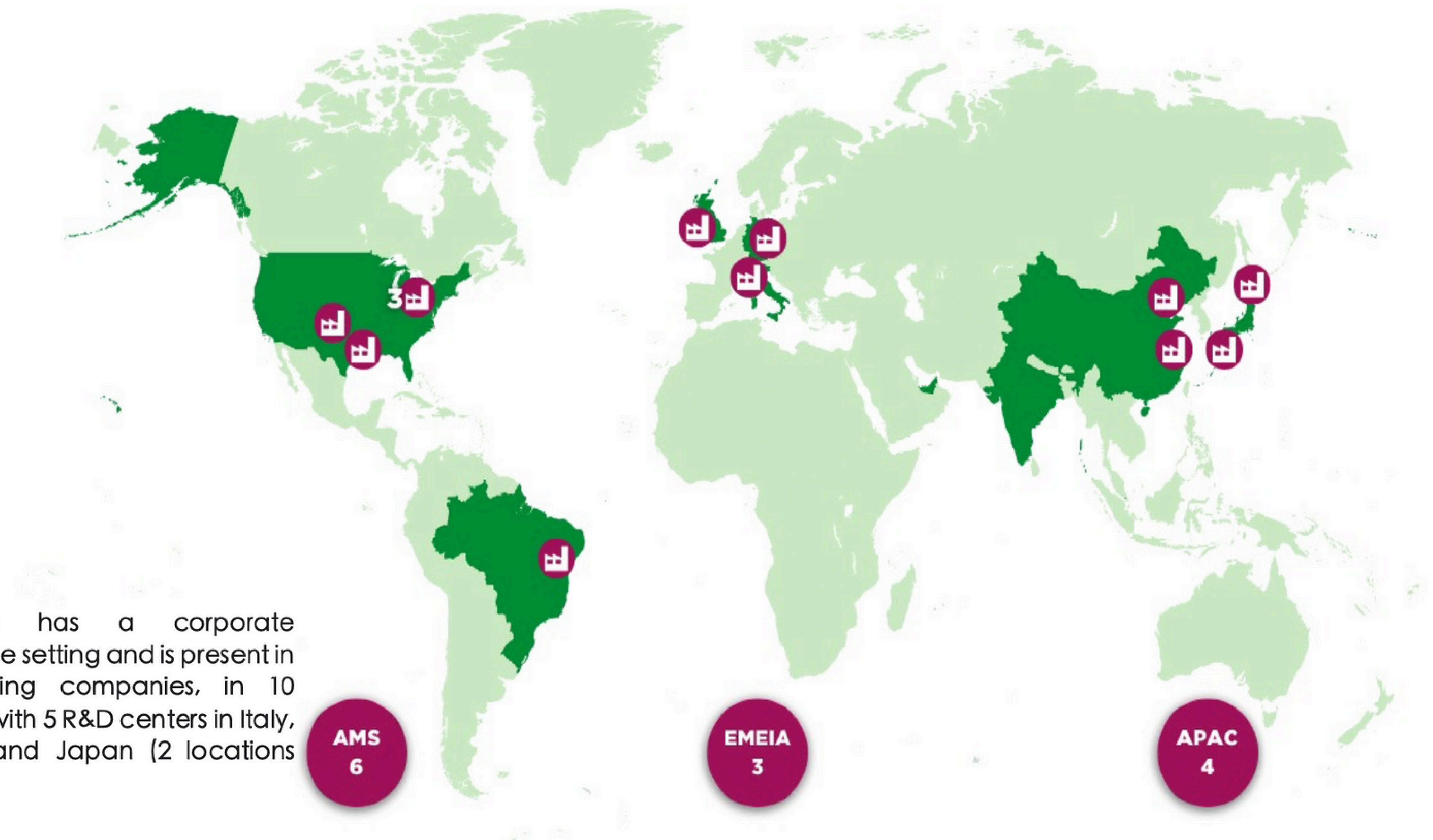
Risks

- Investment risks

ESG

- Corporate governance committees
- Materiality matrix Environmental
- Materiality matrix Social
- Materiality matrix Governance

Geographical exposure

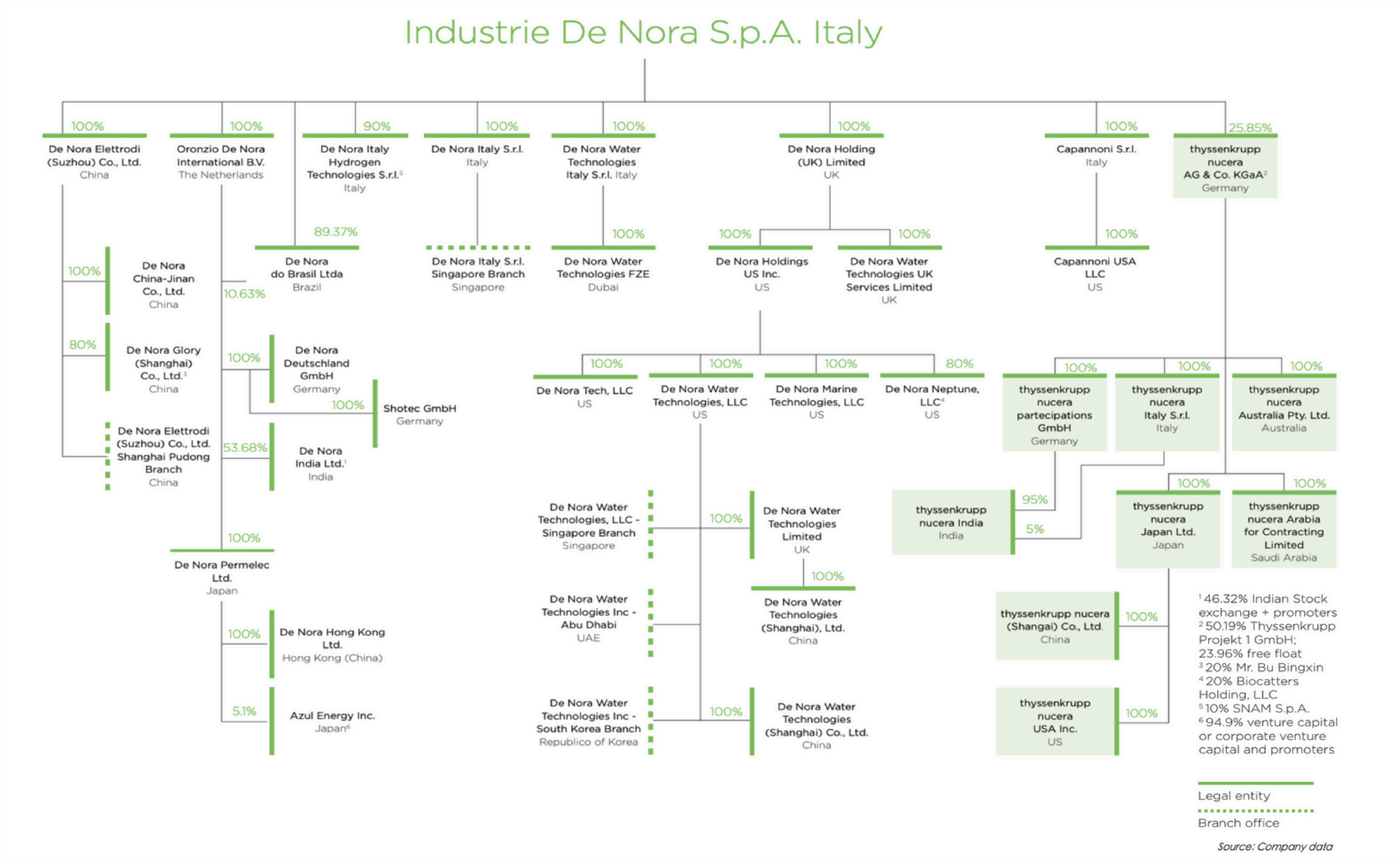


De Nora has a corporate governance setting and is present in 24 operating companies, in 10 countries, with 5 R&D centers in Italy, the USA, and Japan (2 locations each).

Source: Company data

Appendix Map

Group structure



Industrie De Nora S.p.A. Italy

100% De Nora Elettrodi (Suzhou) Co., Ltd. China
- 100% De Nora China-Jinan Co., Ltd. China
- 80% De Nora Glory (Shanghai) Co., Ltd.[3] China
- De Nora Elettrodi (Suzhou) Co., Ltd. Shanghai Pudong Branch China

100% Oronzio De Nora International B.V. The Netherlands
- 10.63% De Nora do Brasil Ltda Brazil
- 100% De Nora Deutschland GmbH Germany
  - 100% Shotec GmbH Germany
- 53.68% De Nora India Ltd.[1] India
- 100% De Nora Permelec Ltd. Japan
  - 100% De Nora Hong Kong Ltd. Hong Kong (China)
  - 5.1% Azul Energy Inc. Japan[6]

89.37% De Nora do Brasil Ltda Brazil

90% De Nora Italy Hydrogen Technologies S.r.l.[5] Italy

100% De Nora Italy S.r.l. Italy
- De Nora Italy S.r.l. Singapore Branch Singapore

100% De Nora Water Technologies Italy S.r.l. Italy
- 100% De Nora Water Technologies FZE Dubai

100% De Nora Holding (UK) Limited UK
- 100% De Nora Holdings US Inc. US
  - 100% De Nora Tech, LLC US
  - 100% De Nora Water Technologies, LLC US
    - De Nora Water Technologies, LLC - Singapore Branch Singapore
    - De Nora Water Technologies Inc - Abu Dhabi UAE
    - De Nora Water Technologies Inc - South Korea Branch Republico of Korea
    - 100% De Nora Water Technologies Limited UK
      - 100% De Nora Water Technologies (Shanghai), Ltd. China
    - 100% De Nora Water Technologies (Shanghai) Co., Ltd. China
  - 100% De Nora Marine Technologies, LLC US
  - 80% De Nora Neptune, LLC[4] US
- 100% De Nora Water Technologies UK Services Limited UK

100% Capannoni S.r.l. Italy
- 100% Capannoni USA LLC US

25.85% thyssenkrupp nucera AG & Co. KGaA[2] Germany
- 100% thyssenkrupp nucera partecipations GmbH Germany
  - 95% thyssenkrupp nucera India India
- 100% thyssenkrupp nucera Italy S.r.l. Italy
  - 5% thyssenkrupp nucera India India
- 100% thyssenkrupp nucera Australia Pty. Ltd. Australia
- 100% thyssenkrupp nucera Japan Ltd. Japan
  - 100% thyssenkrupp nucera (Shangai) Co., Ltd. China
  - 100% thyssenkrupp nucera USA Inc. US
- 100% thyssenkrupp nucera Arabia for Contracting Limited Saudi Arabia

[1] 46.32% Indian Stock exchange + promoters
[2] 50.19% Thyssenkrupp Projekt 1 GmbH; 23.96% free float
[3] 20% Mr. Bu Bingxin
[4] 20% Biocatters Holding, LLC
[5] 10% SNAM S.p.A.
[6] 94.9% venture capital or corporate venture capital and promoters

Legal entity

Branch office

Source: Company data

Appendix Map

DNR’s acquisitions

Water technologies

SEVERN TRENT WATER

OEI GROUP

MIOX

NEPTUNE

CalgonCarbon UV TECHNOLOGIES

ISIA

Electrode technologies

ELTECH

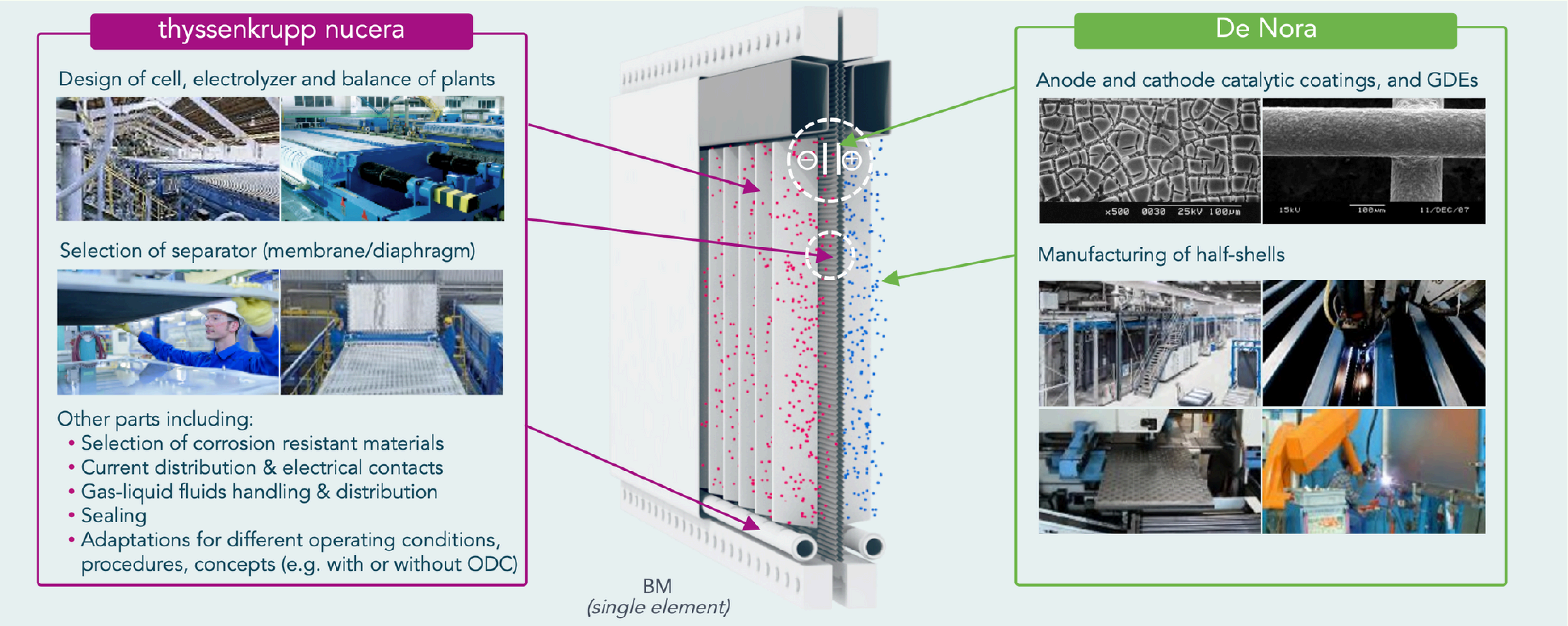
PERMELEC ELECTRODE LTD

shotec®

MITSUI & CO.

Appendix Map

Partnership with Thyssenkrupp



thyssenkrupp nucera

Design of cell, electrolyzer and balance of plants

Selection of separator (membrane/diaphragm)

Other parts including:
- Selection of corrosion resistant materials
- Current distribution & electrical contacts
- Gas-liquid fluids handling & distribution
- Sealing
- Adaptations for different operating conditions, procedures, concepts (e.g. with or without ODC)

BM
(single element)

De Nora

Anode and cathode catalytic coatings, and GDEs

Manufacturing of half-shells

Shareholder structure post-IPO

thyssenkrupp	50.19%
DE NORA	25.85%
Energy Solutions Company	6.00%
Free Float	17.96%

thyssenkrupp nucera

CA	AWE
Order backlog Dec '23: ~0.5bn €	Order backlog Dec '23: ~0.9bn €
Select CA Customers	Select AWE Customers
covestro Olin BASF We create chemistry OXY	AIR PRODUCTS H2greensteel

Appendix Map

DE NORA

PESTEL analysis

POLITICAL	• Governmental subsidies • Policy influence
ECONOMIC	• Forex fluctuations • Global economic growth • Green energy transition
SOCIAL	• Urbanization and population growth • Sustainability awareness
TECHNOLOGICAL	• Technologies and patents • Digitalization
ENVIRONMENTAL	• Environmental sustainability • Climate change
LEGAL	• Intellectual property protection • Regulatory framework and environmental regulations

Appendix Map

Porter’s five forces

- Initial investments
- Technological know-how
- Brand recognition
- High potential growth (energy transition)

- Market concentration
- Price competitors
- Strategic alliances and M&**A**

- Highly specializaed products
- Alternative energy sources (energy transition)

- Critical material sourcing

- Number and dimension of customers
- Price sensitivity
- Buyer’s ability to substitute

Appendix Map

Big talk on projects, but where's the action?

Despite the increasing number of announced green hydrogen production projects, many have faced delays in their final investment decision (FID) or have been cancelled. According to the IEA, committed projects account for only 7% of the new green hydrogen capacity announced for 2030

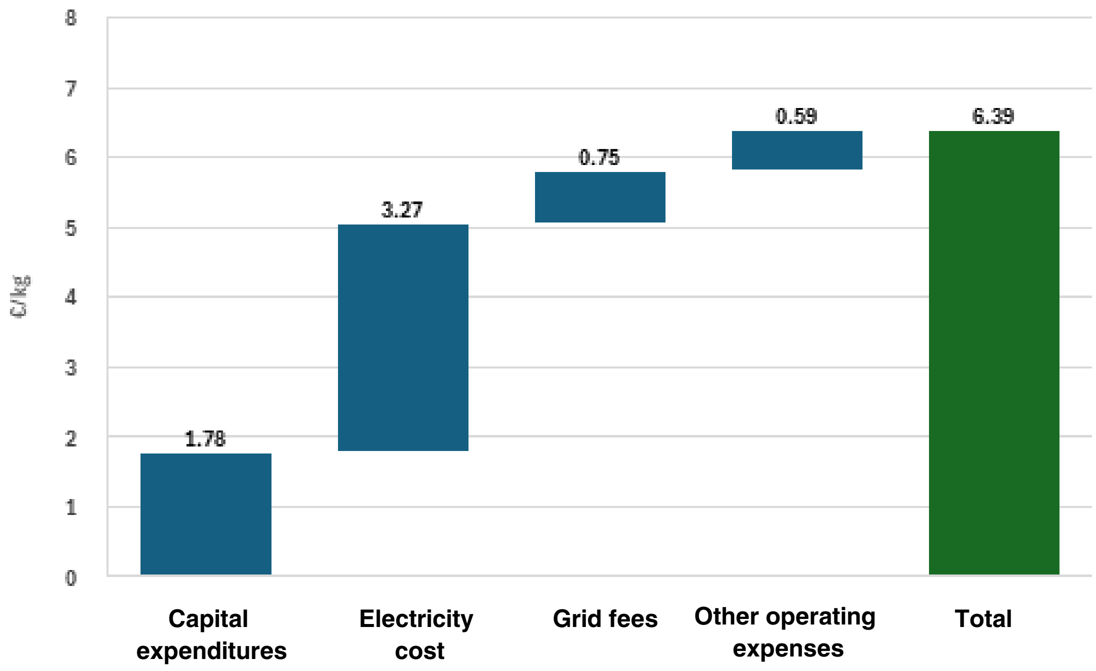
Key factors

- **Unclear regulations**
- **Slow development of the green hydrogen market**
- **Cost gap between green hydrogen production and fossil fuel alternatives**
- **Significant cost increases for renewable power and electrolysers**

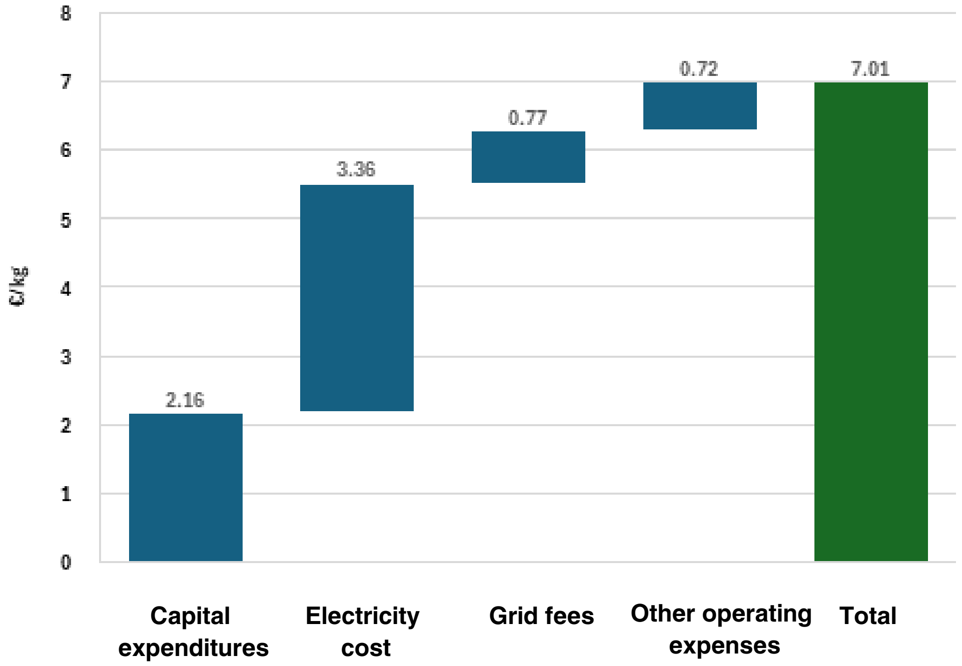
Appendix Map

Will green hydrogen gain competitive hedge?

The development of significant economies of scale is essential to reduce the cost of green hydrogen and make it competitive with blue hydrogen, qualified as low-carbon. According to the ACER, the Levelized Cost of Hydrogen (LCOH) for green hydrogen is currently two times higher than that of blue hydrogen

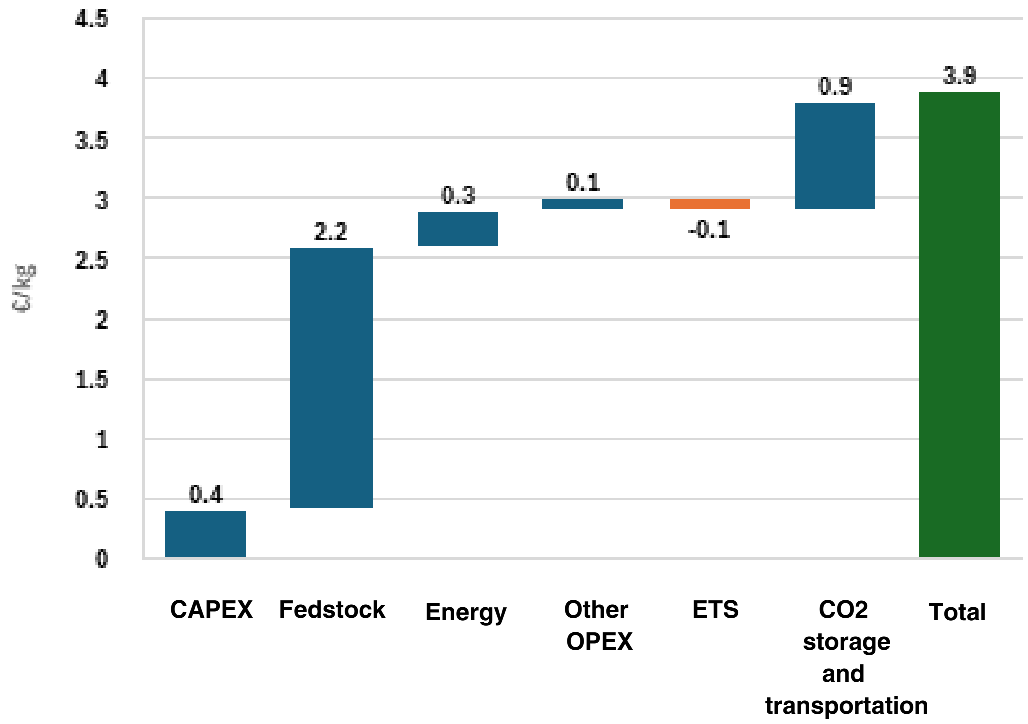


Alkaline



PEM

The higher cost of green hydrogen is shaped by two main components: the **capital cost of electrolysers** and the **supply cost of electricity**



SMR with carbon capture

Blue hydrogen is produced through Steam Methane Reforming (SMR), coupled with carbon capture technologies capable of reducing CO2 emissions by at least 70% compared to conventional SMR (grey hydrogen). The relatively lower cost of blue hydrogen is driven largely by **natural gas prices** and **expenses associated with capturing and storing CO2 emissions**

Source: ACER

Appendix Map

Heavy reliance on strategic raw materials

The production of green hydrogen relies on the use of strategic raw materials characterized by high price volatility, primarily nickel, titanium and copper, as well as platinum group metals (PGMs) - platinum and iridium - in the case of proton exchange membrane (PEM) electrolysers. These noble metals, are costly and sourced from illiquid commodity market with a limited number of suppliers.

28
Ni
Nickel
58.6934

- Annual nickel production is mainly used for steel production (65%) and batteries (17%)
- Russia-Ukraine conflict

77
Ir
Iridium
192.22

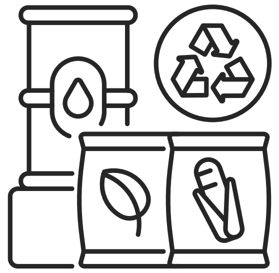
- Iridium production comes mainly from South Africa (83%)
- Annual production (of merely 8 tonnes) insufficient to sustain large-scale PEM adoption

Procurement strategies

Recycling processes

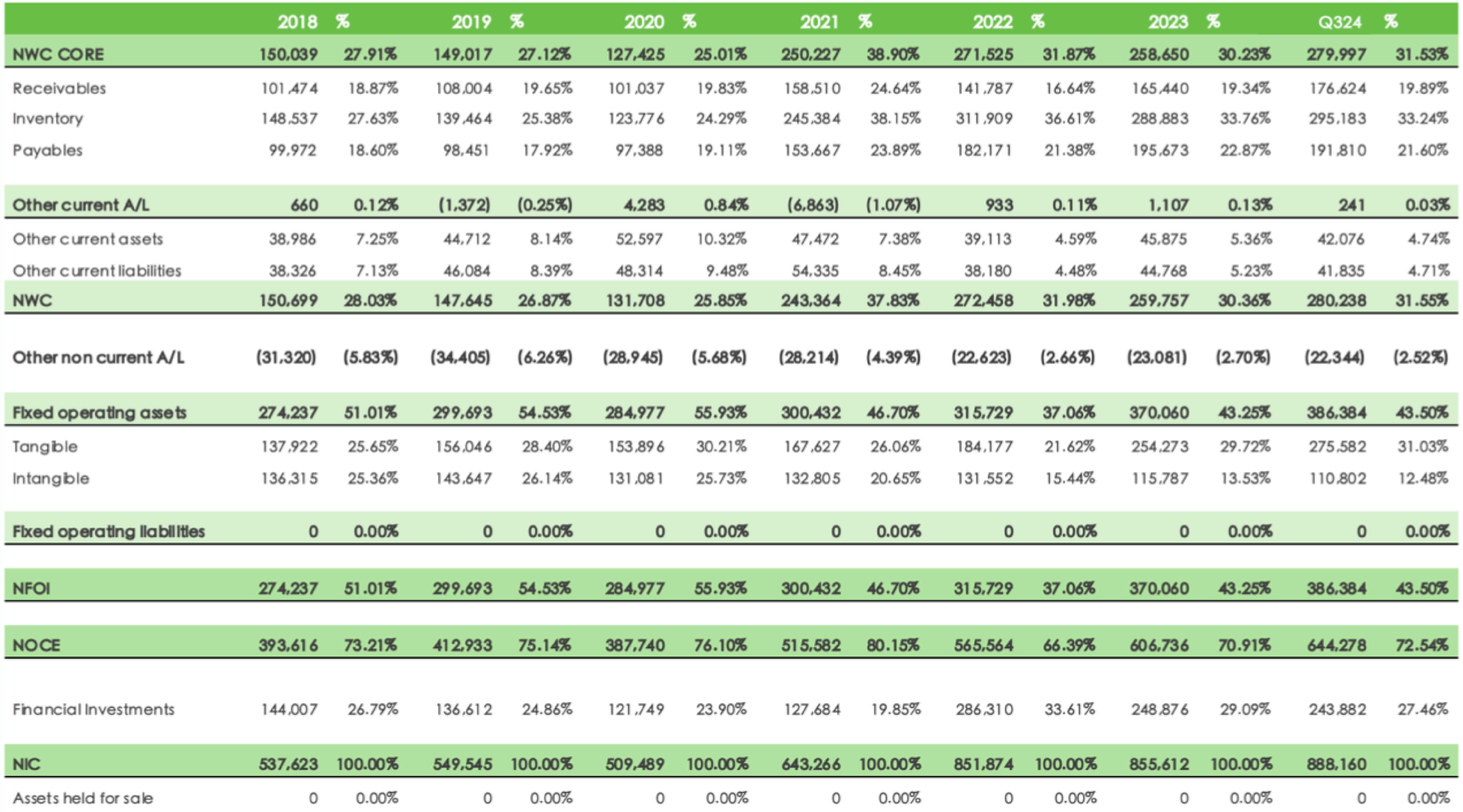
Pricing power

Substitution of noble metals



Appendix Map

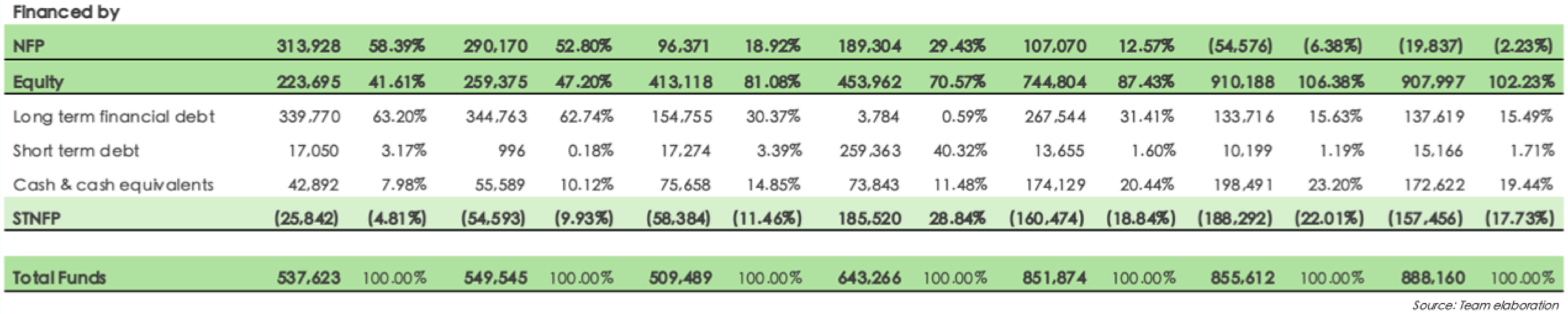
Reengineered Balance Sheet – source of funds (€ thousand) (1/2)



	2018	%	2019	%	2020	%	2021	%	2022	%	2023	%	Q324	%
NWC CORE	**150,039**	**27.91%**	**149,017**	**27.12%**	**127,425**	**25.01%**	**250,227**	**38.90%**	**271,525**	**31.87%**	**258,650**	**30.23%**	**279,997**	**31.53%**
Receivables	101,474	18.87%	108,004	19.65%	101,037	19.83%	158,510	24.64%	141,787	16.64%	165,440	19.34%	176,624	19.89%
Inventory	148,537	27.63%	139,464	25.38%	123,776	24.29%	245,384	38.15%	311,909	36.61%	288,883	33.76%	295,183	33.24%
Payables	99,972	18.60%	98,451	17.92%	97,388	19.11%	153,667	23.89%	182,171	21.38%	195,673	22.87%	191,810	21.60%
Other current A/L	**660**	**0.12%**	**(1,372)**	**(0.25%)**	**4,283**	**0.84%**	**(6,863)**	**(1.07%)**	**933**	**0.11%**	**1,107**	**0.13%**	**241**	**0.03%**
Other current assets	38,986	7.25%	44,712	8.14%	52,597	10.32%	47,472	7.38%	39,113	4.59%	45,875	5.36%	42,076	4.74%
Other current liabilities	38,326	7.13%	46,084	8.39%	48,314	9.48%	54,335	8.45%	38,180	4.48%	44,768	5.23%	41,835	4.71%
NWC	**150,699**	**28.03%**	**147,645**	**26.87%**	**131,708**	**25.85%**	**243,364**	**37.83%**	**272,458**	**31.98%**	**259,757**	**30.36%**	**280,238**	**31.55%**
Other non current A/L	**(31,320)**	**(5.83%)**	**(34,405)**	**(6.26%)**	**(28,945)**	**(5.68%)**	**(28,214)**	**(4.39%)**	**(22,623)**	**(2.66%)**	**(23,081)**	**(2.70%)**	**(22,344)**	**(2.52%)**
Fixed operating assets	**274,237**	**51.01%**	**299,693**	**54.53%**	**284,977**	**55.93%**	**300,432**	**46.70%**	**315,729**	**37.06%**	**370,060**	**43.25%**	**386,384**	**43.50%**
Tangible	137,922	25.65%	156,046	28.40%	153,896	30.21%	167,627	26.06%	184,177	21.62%	254,273	29.72%	275,582	31.03%
Intangible	136,315	25.36%	143,647	26.14%	131,081	25.73%	132,805	20.65%	131,552	15.44%	115,787	13.53%	110,802	12.48%
Fixed operating liabilities	**0**	**0.00%**	**0**	**0.00%**	**0**	**0.00%**	**0**	**0.00%**	**0**	**0.00%**	**0**	**0.00%**	**0**	**0.00%**
NFOI	**274,237**	**51.01%**	**299,693**	**54.53%**	**284,977**	**55.93%**	**300,432**	**46.70%**	**315,729**	**37.06%**	**370,060**	**43.25%**	**386,384**	**43.50%**
NOCE	**393,616**	**73.21%**	**412,933**	**75.14%**	**387,740**	**76.10%**	**515,582**	**80.15%**	**565,564**	**66.39%**	**606,736**	**70.91%**	**644,278**	**72.54%**
Financial Investments	144,007	26.79%	136,612	24.86%	121,749	23.90%	127,684	19.85%	286,310	33.61%	248,876	29.09%	243,882	27.46%
NIC	**537,623**	**100.00%**	**549,545**	**100.00%**	**509,489**	**100.00%**	**643,266**	**100.00%**	**851,874**	**100.00%**	**855,612**	**100.00%**	**888,160**	**100.00%**
Assets held for sale	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%

Appendix Map

Reengineered Balance Sheet – source of funds (€ thousand) (2/2)

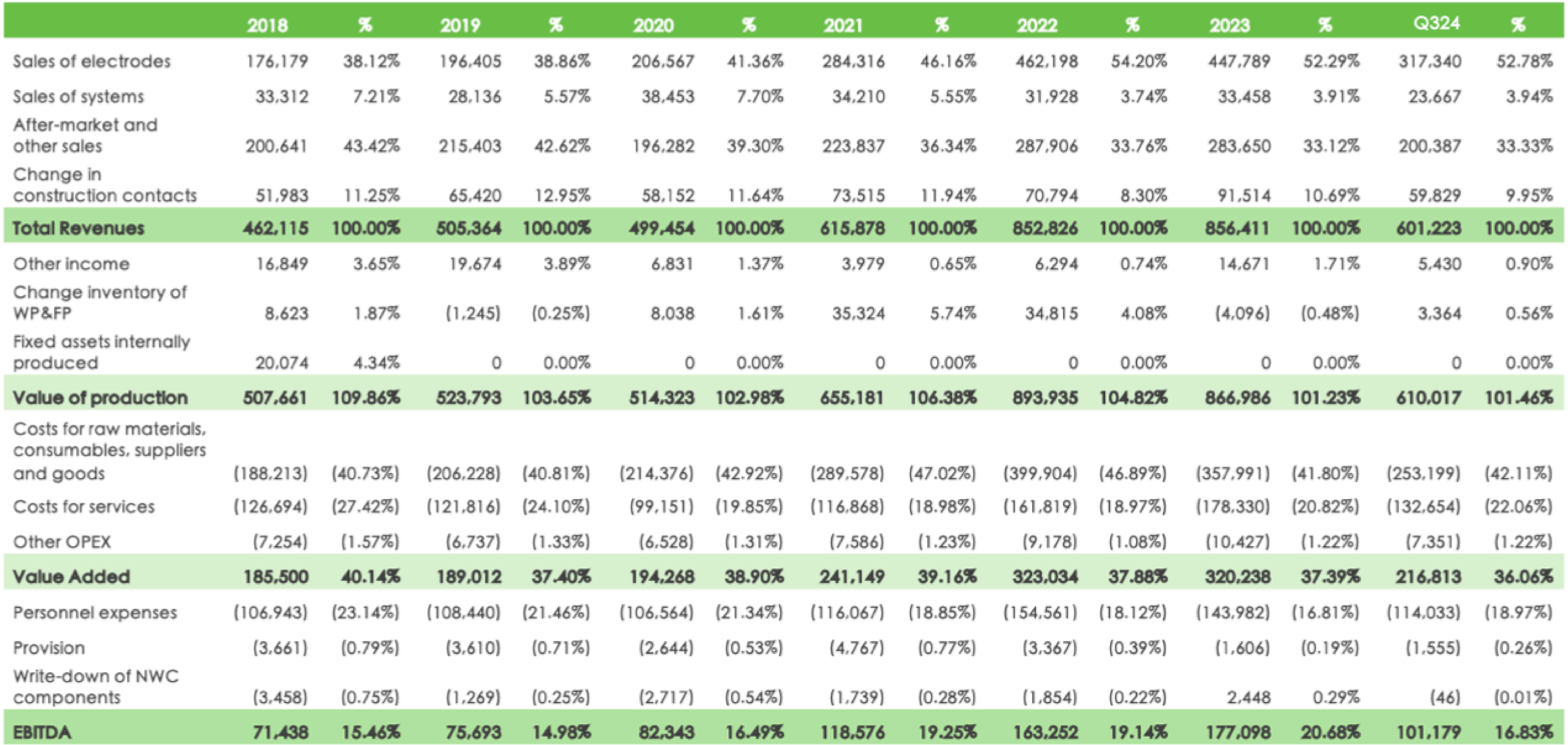


Financed by														
NFP	**313,928**	**58.39%**	**290,170**	**52.80%**	**96,371**	**18.92%**	**189,304**	**29.43%**	**107,070**	**12.57%**	**(54,576)**	**(6.38%)**	**(19,837)**	**(2.23%)**
Equity	**223,695**	**41.61%**	**259,375**	**47.20%**	**413,118**	**81.08%**	**453,962**	**70.57%**	**744,804**	**87.43%**	**910,188**	**106.38%**	**907,997**	**102.23%**
Long term financial debt	339,770	63.20%	344,763	62.74%	154,755	30.37%	3,784	0.59%	267,544	31.41%	133,716	15.63%	137,619	15.49%
Short term debt	17,050	3.17%	996	0.18%	17,274	3.39%	259,363	40.32%	13,655	1.60%	10,199	1.19%	15,166	1.71%
Cash & cash equivalents	42,892	7.98%	55,589	10.12%	75,658	14.85%	73,843	11.48%	174,129	20.44%	198,491	23.20%	172,622	19.44%
STNFP	**(25,842)**	**(4.81%)**	**(54,593)**	**(9.93%)**	**(58,384)**	**(11.46%)**	**185,520**	**28.84%**	**(160,474)**	**(18.84%)**	**(188,292)**	**(22.01%)**	**(157,456)**	**(17.73%)**
Total Funds	**537,623**	100.00%	**549,545**	100.00%	**509,489**	100.00%	**643,266**	100.00%	**851,874**	100.00%	**855,612**	100.00%	**888,160**	100.00%

Source: Team elaboration

Appendix Map

Reengineered Income Statement (€ thousand) (1/2)

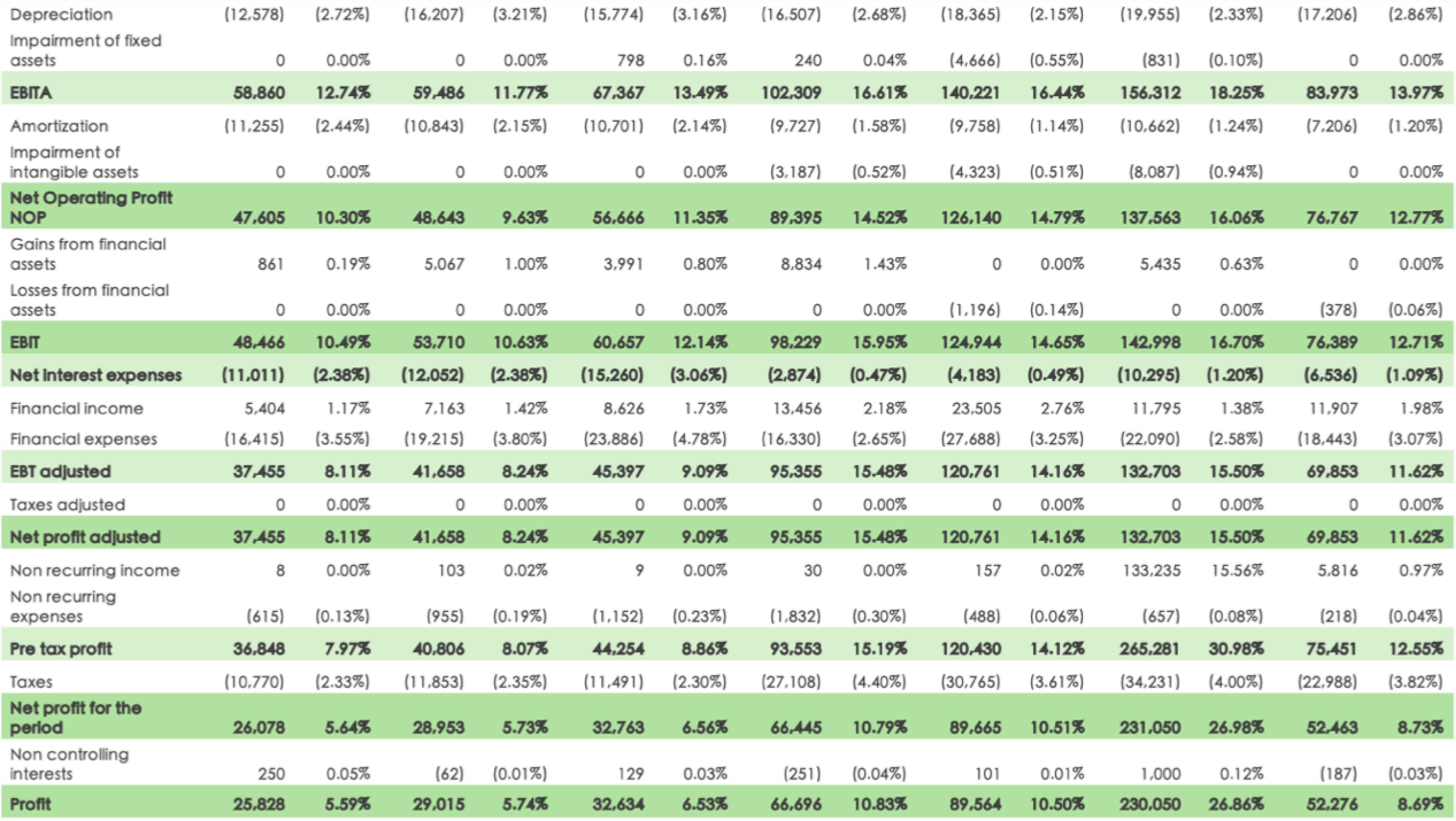


	2018	%	2019	%	2020	%	2021	%	2022	%	2023	%	Q324	%
Sales of electrodes	176,179	38.12%	196,405	38.86%	206,567	41.36%	284,316	46.16%	462,198	54.20%	447,789	52.29%	317,340	52.78%
Sales of systems	33,312	7.21%	28,136	5.57%	38,453	7.70%	34,210	5.55%	31,928	3.74%	33,458	3.91%	23,667	3.94%
After-market and other sales	200,641	43.42%	215,403	42.62%	196,282	39.30%	223,837	36.34%	287,906	33.76%	283,650	33.12%	200,387	33.33%
Change in construction contacts	51,983	11.25%	65,420	12.95%	58,152	11.64%	73,515	11.94%	70,794	8.30%	91,514	10.69%	59,829	9.95%
Total Revenues	**462,115**	**100.00%**	**505,364**	**100.00%**	**499,454**	**100.00%**	**615,878**	**100.00%**	**852,826**	**100.00%**	**856,411**	**100.00%**	**601,223**	**100.00%**
Other income	16,849	3.65%	19,674	3.89%	6,831	1.37%	3,979	0.65%	6,294	0.74%	14,671	1.71%	5,430	0.90%
Change inventory of WP&FP	8,623	1.87%	(1,245)	(0.25%)	8,038	1.61%	35,324	5.74%	34,815	4.08%	(4,096)	(0.48%)	3,364	0.56%
Fixed assets internally produced	20,074	4.34%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Value of production	**507,661**	**109.86%**	**523,793**	**103.65%**	**514,323**	**102.98%**	**655,181**	**106.38%**	**893,935**	**104.82%**	**866,986**	**101.23%**	**610,017**	**101.46%**
Costs for raw materials, consumables, suppliers and goods	(188,213)	(40.73%)	(206,228)	(40.81%)	(214,376)	(42.92%)	(289,578)	(47.02%)	(399,904)	(46.89%)	(357,991)	(41.80%)	(253,199)	(42.11%)
Costs for services	(126,694)	(27.42%)	(121,816)	(24.10%)	(99,151)	(19.85%)	(116,868)	(18.98%)	(161,819)	(18.97%)	(178,330)	(20.82%)	(132,654)	(22.06%)
Other OPEX	(7,254)	(1.57%)	(6,737)	(1.33%)	(6,528)	(1.31%)	(7,586)	(1.23%)	(9,178)	(1.08%)	(10,427)	(1.22%)	(7,351)	(1.22%)
Value Added	**185,500**	**40.14%**	**189,012**	**37.40%**	**194,268**	**38.90%**	**241,149**	**39.16%**	**323,034**	**37.88%**	**320,238**	**37.39%**	**216,813**	**36.06%**
Personnel expenses	(106,943)	(23.14%)	(108,440)	(21.46%)	(106,564)	(21.34%)	(116,067)	(18.85%)	(154,561)	(18.12%)	(143,982)	(16.81%)	(114,033)	(18.97%)
Provision	(3,661)	(0.79%)	(3,610)	(0.71%)	(2,644)	(0.53%)	(4,767)	(0.77%)	(3,367)	(0.39%)	(1,606)	(0.19%)	(1,555)	(0.26%)
Write-down of NWC components	(3,458)	(0.75%)	(1,269)	(0.25%)	(2,717)	(0.54%)	(1,739)	(0.28%)	(1,854)	(0.22%)	2,448	0.29%	(46)	(0.01%)
EBITDA	**71,438**	**15.46%**	**75,693**	**14.98%**	**82,343**	**16.49%**	**118,576**	**19.25%**	**163,252**	**19.14%**	**177,098**	**20.68%**	**101,179**	**16.83%**

Appendix Map

Reengineered Income Statement (€ thousand)

(2/2)



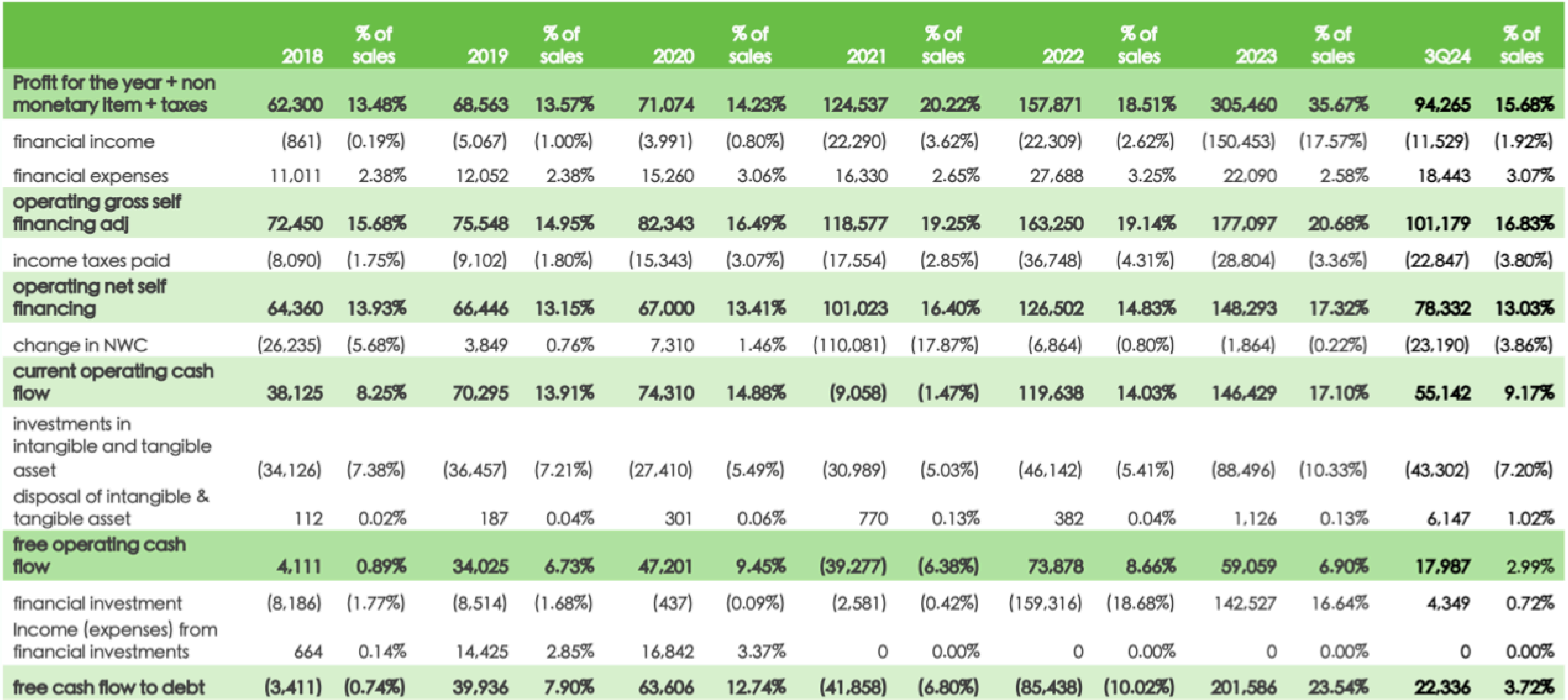
Depreciation	(12,578)	(2.72%)	(16,207)	(3.21%)	(15,774)	(3.16%)	(16,507)	(2.68%)	(18,365)	(2.15%)	(19,955)	(2.33%)	(17,206)	(2.86%)
Impairment of fixed assets	0	0.00%	0	0.00%	798	0.16%	240	0.04%	(4,666)	(0.55%)	(831)	(0.10%)	0	0.00%
EBITA	**58,860**	**12.74%**	**59,486**	**11.77%**	**67,367**	**13.49%**	**102,309**	**16.61%**	**140,221**	**16.44%**	**156,312**	**18.25%**	**83,973**	**13.97%**
Amortization	(11,255)	(2.44%)	(10,843)	(2.15%)	(10,701)	(2.14%)	(9,727)	(1.58%)	(9,758)	(1.14%)	(10,662)	(1.24%)	(7,206)	(1.20%)
Impairment of intangible assets	0	0.00%	0	0.00%	0	0.00%	(3,187)	(0.52%)	(4,323)	(0.51%)	(8,087)	(0.94%)	0	0.00%
Net Operating Profit NOP	**47,605**	**10.30%**	**48,643**	**9.63%**	**56,666**	**11.35%**	**89,395**	**14.52%**	**126,140**	**14.79%**	**137,563**	**16.06%**	**76,767**	**12.77%**
Gains from financial assets	861	0.19%	5,067	1.00%	3,991	0.80%	8,834	1.43%	0	0.00%	5,435	0.63%	0	0.00%
Losses from financial assets	0	0.00%	0	0.00%	0	0.00%	0	0.00%	(1,196)	(0.14%)	0	0.00%	(378)	(0.06%)
EBIT	**48,466**	**10.49%**	**53,710**	**10.63%**	**60,657**	**12.14%**	**98,229**	**15.95%**	**124,944**	**14.65%**	**142,998**	**16.70%**	**76,389**	**12.71%**
Net interest expenses	**(11,011)**	**(2.38%)**	**(12,052)**	**(2.38%)**	**(15,260)**	**(3.06%)**	**(2,874)**	**(0.47%)**	**(4,183)**	**(0.49%)**	**(10,295)**	**(1.20%)**	**(6,536)**	**(1.09%)**
Financial income	5,404	1.17%	7,163	1.42%	8,626	1.73%	13,456	2.18%	23,505	2.76%	11,795	1.38%	11,907	1.98%
Financial expenses	(16,415)	(3.55%)	(19,215)	(3.80%)	(23,886)	(4.78%)	(16,330)	(2.65%)	(27,688)	(3.25%)	(22,090)	(2.58%)	(18,443)	(3.07%)
EBT adjusted	**37,455**	**8.11%**	**41,658**	**8.24%**	**45,397**	**9.09%**	**95,355**	**15.48%**	**120,761**	**14.16%**	**132,703**	**15.50%**	**69,853**	**11.62%**
Taxes adjusted	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Net profit adjusted	**37,455**	**8.11%**	**41,658**	**8.24%**	**45,397**	**9.09%**	**95,355**	**15.48%**	**120,761**	**14.16%**	**132,703**	**15.50%**	**69,853**	**11.62%**
Non recurring income	8	0.00%	103	0.02%	9	0.00%	30	0.00%	157	0.02%	133,235	15.56%	5,816	0.97%
Non recurring expenses	(615)	(0.13%)	(955)	(0.19%)	(1,152)	(0.23%)	(1,832)	(0.30%)	(488)	(0.06%)	(657)	(0.08%)	(218)	(0.04%)
Pre tax profit	**36,848**	**7.97%**	**40,806**	**8.07%**	**44,254**	**8.86%**	**93,553**	**15.19%**	**120,430**	**14.12%**	**265,281**	**30.98%**	**75,451**	**12.55%**
Taxes	(10,770)	(2.33%)	(11,853)	(2.35%)	(11,491)	(2.30%)	(27,108)	(4.40%)	(30,765)	(3.61%)	(34,231)	(4.00%)	(22,988)	(3.82%)
Net profit for the period	**26,078**	**5.64%**	**28,953**	**5.73%**	**32,763**	**6.56%**	**66,445**	**10.79%**	**89,665**	**10.51%**	**231,050**	**26.98%**	**52,463**	**8.73%**
Non controlling interests	250	0.05%	(62)	(0.01%)	129	0.03%	(251)	(0.04%)	101	0.01%	1,000	0.12%	(187)	(0.03%)
Profit	**25,828**	**5.59%**	**29,015**	**5.74%**	**32,634**	**6.53%**	**66,696**	**10.83%**	**89,564**	**10.50%**	**230,050**	**26.86%**	**52,276**	**8.69%**

Source: Team elaboration

Appendix Map

Reengineered Cash Flow Statement (€thousand)
(1/2)

DE NORA



	2018	% of sales	2019	% of sales	2020	% of sales	2021	% of sales	2022	% of sales	2023	% of sales	3Q24	% of sales
Profit for the year + non monetary item + taxes	**62,300**	**13.48%**	**68,563**	**13.57%**	**71,074**	**14.23%**	**124,537**	**20.22%**	**157,871**	**18.51%**	**305,460**	**35.67%**	**94,265**	**15.68%**
financial income	(861)	(0.19%)	(5,067)	(1.00%)	(3,991)	(0.80%)	(22,290)	(3.62%)	(22,309)	(2.62%)	(150,453)	(17.57%)	(11,529)	(1.92%)
financial expenses	11,011	2.38%	12,052	2.38%	15,260	3.06%	16,330	2.65%	27,688	3.25%	22,090	2.58%	18,443	3.07%
operating gross self financing adj	**72,450**	**15.68%**	**75,548**	**14.95%**	**82,343**	**16.49%**	**118,577**	**19.25%**	**163,250**	**19.14%**	**177,097**	**20.68%**	**101,179**	**16.83%**
income taxes paid	(8,090)	(1.75%)	(9,102)	(1.80%)	(15,343)	(3.07%)	(17,554)	(2.85%)	(36,748)	(4.31%)	(28,804)	(3.36%)	(22,847)	(3.80%)
operating net self financing	**64,360**	**13.93%**	**66,446**	**13.15%**	**67,000**	**13.41%**	**101,023**	**16.40%**	**126,502**	**14.83%**	**148,293**	**17.32%**	**78,332**	**13.03%**
change in NWC	(26,235)	(5.68%)	3,849	0.76%	7,310	1.46%	(110,081)	(17.87%)	(6,864)	(0.80%)	(1,864)	(0.22%)	(23,190)	(3.86%)
current operating cash flow	**38,125**	**8.25%**	**70,295**	**13.91%**	**74,310**	**14.88%**	**(9,058)**	**(1.47%)**	**119,638**	**14.03%**	**146,429**	**17.10%**	**55,142**	**9.17%**
investments in intangible and tangible asset	(34,126)	(7.38%)	(36,457)	(7.21%)	(27,410)	(5.49%)	(30,989)	(5.03%)	(46,142)	(5.41%)	(88,496)	(10.33%)	(43,302)	(7.20%)
disposal of intangible & tangible asset	112	0.02%	187	0.04%	301	0.06%	770	0.13%	382	0.04%	1,126	0.13%	6,147	1.02%
free operating cash flow	**4,111**	**0.89%**	**34,025**	**6.73%**	**47,201**	**9.45%**	**(39,277)**	**(6.38%)**	**73,878**	**8.66%**	**59,059**	**6.90%**	**17,987**	**2.99%**
financial investment	(8,186)	(1.77%)	(8,514)	(1.68%)	(437)	(0.09%)	(2,581)	(0.42%)	(159,316)	(18.68%)	142,527	16.64%	4,349	0.72%
Income (expenses) from financial investments	664	0.14%	14,425	2.85%	16,842	3.37%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
free cash flow to debt	**(3,411)**	**(0.74%)**	**39,936**	**7.90%**	**63,606**	**12.74%**	**(41,858)**	**(6.80%)**	**(85,438)**	**(10.02%)**	**201,586**	**23.54%**	**22,336**	**3.72%**

Appendix Map

Reengineered Cash Flow Statement (€thousand) (2/2)

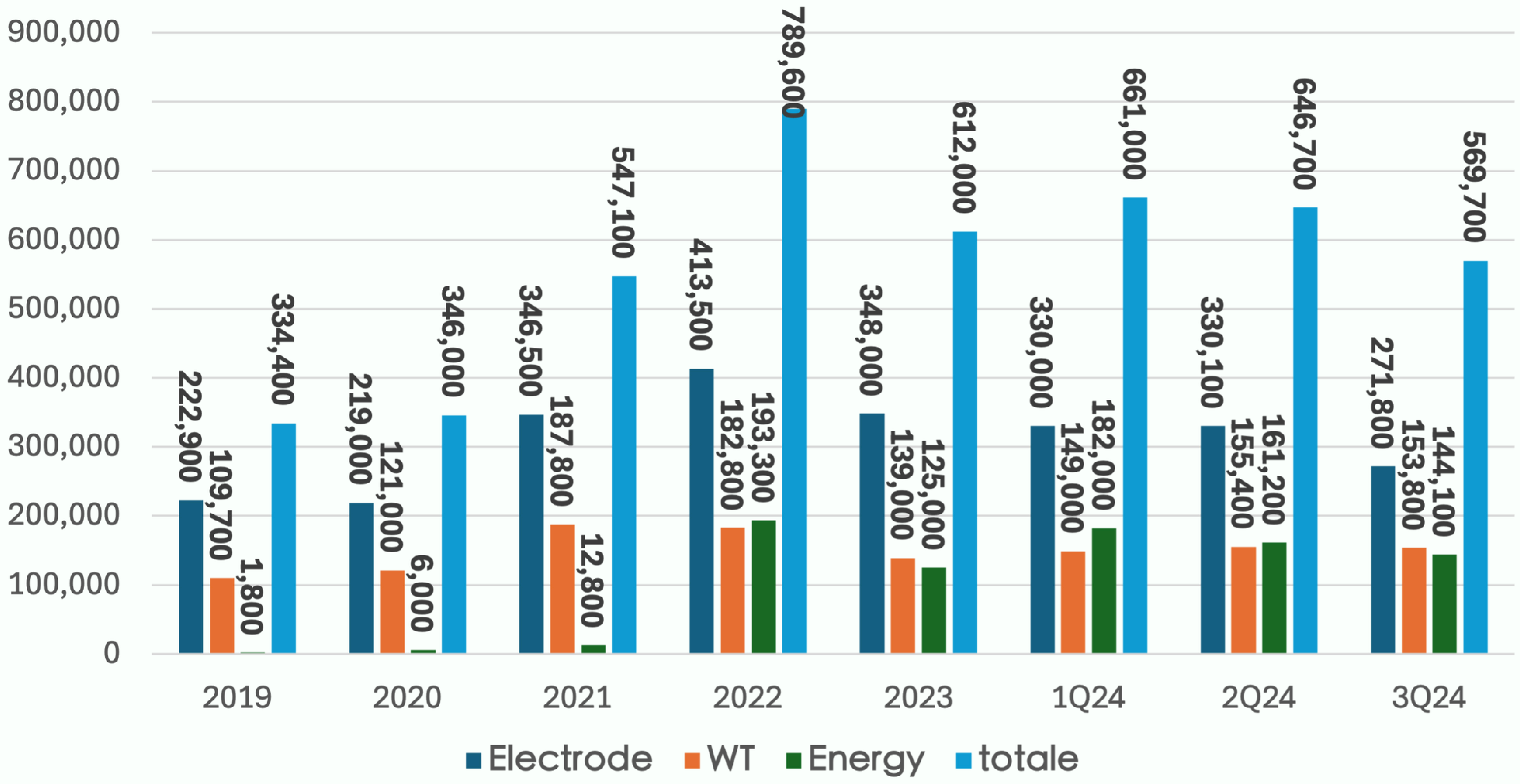
Repayment of loans	0	0.00%	(20,235)	(4.00%)	(50,648)	(10.14%)	(22,338)	(3.63%)	(259,762)	(30.46%)	(153,480)	(17.92%)	(3,009)	(0.50%)
Interest (paid)/collected	(6,746)	(1.46%)	(9,358)	(1.85%)	(5,588)	(1.12%)	(6,461)	(1.05%)	(6,663)	(0.78%)	(6,179)	(0.72%)	(3,453)	(0.57%)
free cash flow to equity	**(10,157)**	**(2.20%)**	**10,343**	**2.05%**	**7,370**	**1.48%**	**(70,657)**	**(11.47%)**	**(351,863)**	**(41.26%)**	**41,927**	**4.90%**	**15,874**	**2.64%**
share buyback	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	(17,042)	(1.99%)	(25,923)	(4.31%)
dividends paid	(37)	(0.01%)	0	0.00%	0	0.00%	(60,028)	(9.75%)	(20,030)	(2.35%)	(24,257)	(2.83%)	(24,438)	(4.06%)
Net cash flow generated/(absorbed) during the period	**(10,194)**	**(2.21%)**	**10,343**	**2.05%**	**7,370**	**1.48%**	**(130,685)**	**(21.22%)**	**(371,893)**	**(43.61%)**	**628**	**0.07%**	**(34,487)**	**(5.74%)**
New debt collection	4,867	1.05%	0	0.00%	15,674	3.14%	107,803	17.50%	276,412	32.41%	0	0.00%	10,097	1.68%
new equity collection	0	0.00%	1,675	0.33%	0	0.00%	18,090	2.94%	196707	23.07%	1,300	0.15%	1,100	0.18%
change in STNFP (current)	**(5,327)**	**(1.15%)**	**12,018**	**2.38%**	**23,044**	**4.61%**	**(4,792)**	**(0.78%)**	**101,226**	**11.87%**	**1,928**	**0.23%**	**(23,290)**	**(3.87%)**
non recurring items	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	26,439	3.09%	0	0.00%
Increase in cash and cash equivalents	**(5,327)**	**(1.15%)**	**12,018**	**2.38%**	**23,044**	**4.61%**	**(4,792)**	**(0.78%)**	**101,226**	**11.87%**	**28,367**	**3.31%**	**(23,290)**	**(3.87%)**
Opening cash amount	**47,040**	**10.18%**	**42,892**	**8.49%**	**55,589**	**11.13%**	**75,658**	**12.28%**	**73,843**	**8.66%**	**174,129**	**20.33%**	**198,491**	**33.01%**
Effects of exchange rate on cash and cash eq.	1,179	0.26%	678	0.13%	(2,975)	(0.60%)	2,977	0.48%	(940)	(0.11%)	(4,005)	(0.47%)	(2,579)	(0.43%)
closing cash amount	**42,892**	**9.28%**	**55,589**	**11.00%**	**75,658**	**15.15%**	**73,843**	**11.99%**	**174,129**	**20.42%**	**198,491**	**23.18%**	**172,622**	**28.71%**
cash generated	**(5,327)**	**(1.15%)**	**12,018**	**2.38%**	**23,044**	**4.61%**	**(4,792)**	**(0.78%)**	**101,226**	**11.87%**	**28,367**	**3.31%**	**(23,290)**	**(3.87%)**

Source: Team elaboration

Appendix Map

Backlog 2019-Q32024

DE NORA



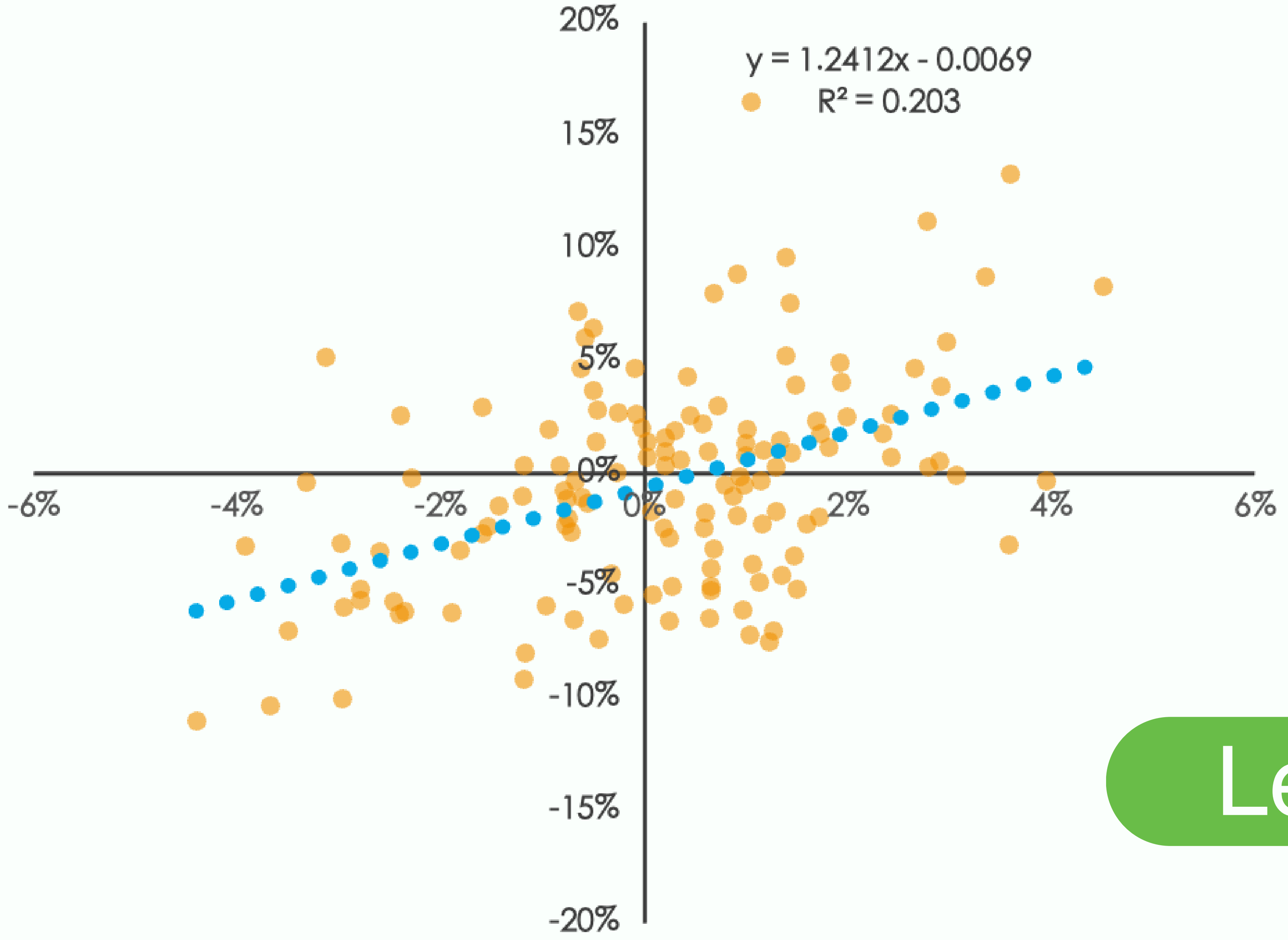
Appendix Map

WACC derivation

Cost of Equity	9.60%	Computed with the Capital Asset Pricing Model
Risk Free Rate	2.5%	10-year German government bonds yield at 31/01/2025 (*source: investing.com)*
Beta	1.23	Estimated as a linear regression of DNR’ s weekly returns against STOXX Europe 600 Index from 30/06/2022
Equity Risk Premium	5.79%	Computed as the weighted average of implied country equity risk premium for Asia, America and EMEA (*source: Damodaran*) following DNR’ s geographical exposure
Equity	1.45 Bn	Market value of equity as of 31/01/2025
Cost of Debt	2.62%	Is the sum of the risk-free rate and a spread derived by a synthetic rating (*source: Damodaran*) depending on DNR’ s interest coverage ratio
Default Risk Premium	0.95%	Estimated using a synthetic A- rating (*source: Damodaran*)
Marginal Tax Rate	24%	Marginal DNR’ s tax rate
Debt	139.76 Mn	Market value of debt as of 31/01/2025 calculated as present value of future principal and interests cashflow considering the average duration of debt
WACC	**8.98%**	

Appendix Map

Regression beta

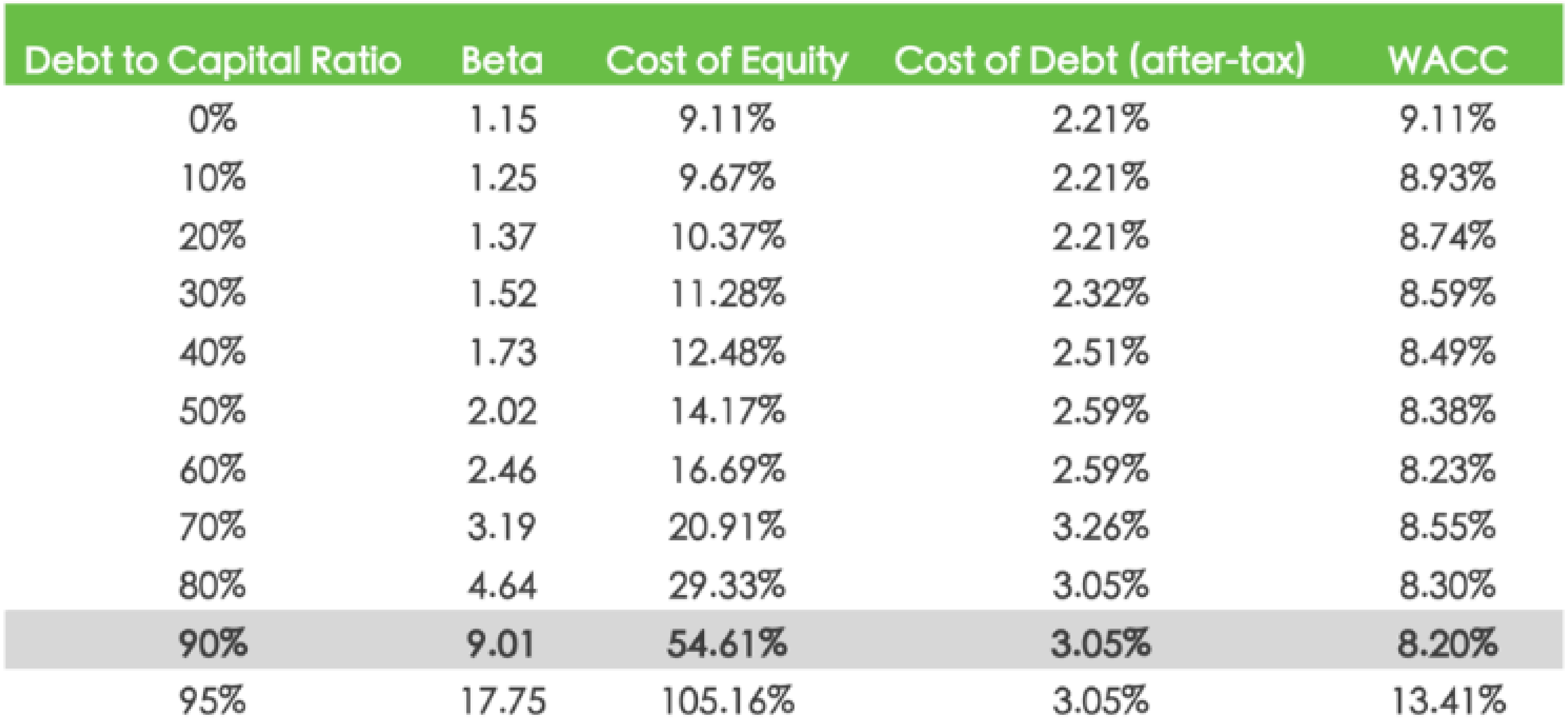


In order to estimate the levered beta, we performed a regression of DNR's log return against the log return of the STOXX Europe 600, using weekly data (27/06/2022 - 27/01/2025) as a reference due to the stock's relatively low liquidity

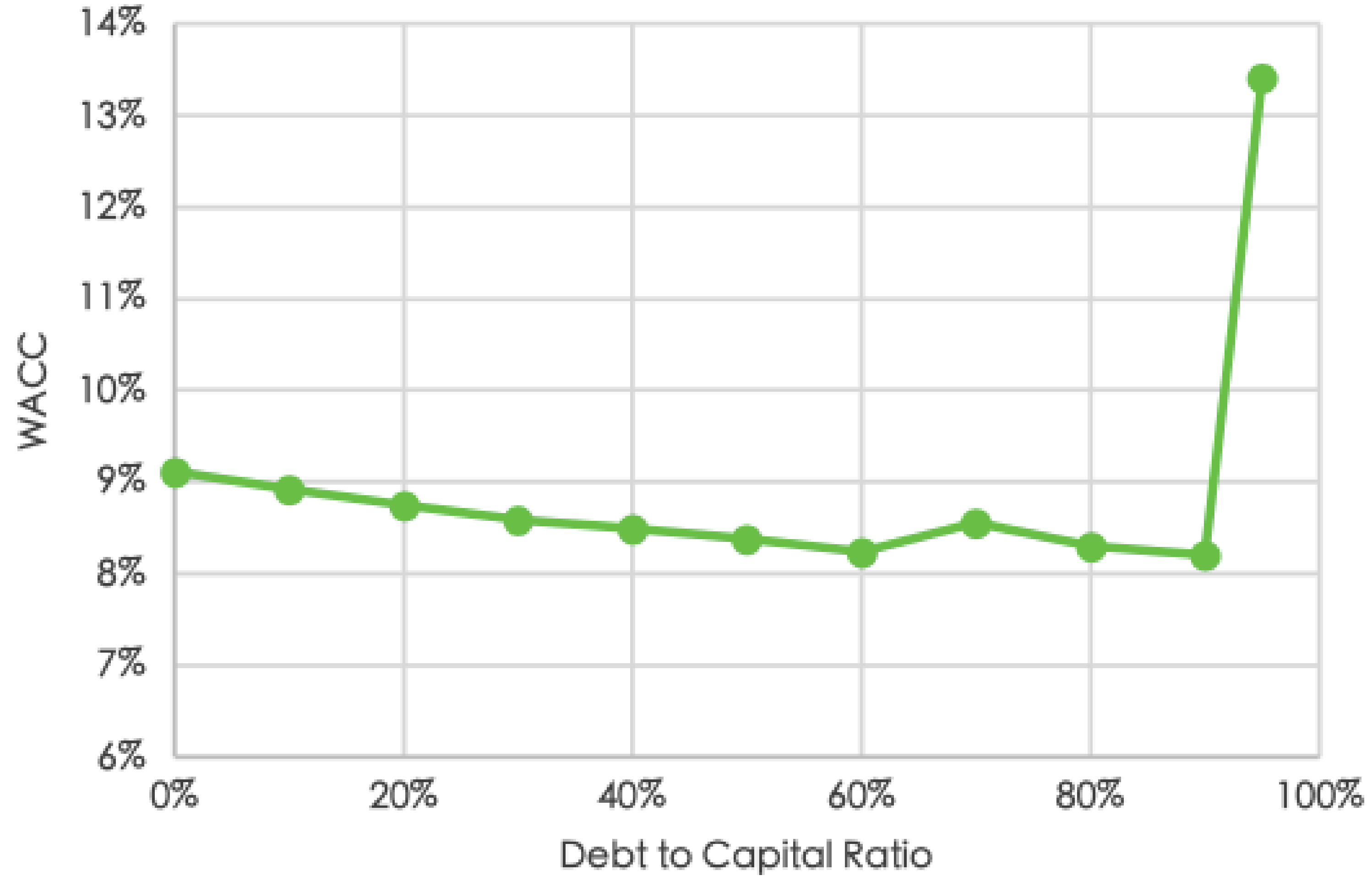
Levered beta → **1.24**

Appendix Map

Optimal WACC



Debt to Capital Ratio	Beta	Cost of Equity	Cost of Debt (after-tax)	WACC
0%	1.15	9.11%	2.21%	9.11%
10%	1.25	9.67%	2.21%	8.93%
20%	1.37	10.37%	2.21%	8.74%
30%	1.52	11.28%	2.32%	8.59%
40%	1.73	12.48%	2.51%	8.49%
50%	2.02	14.17%	2.59%	8.38%
60%	2.46	16.69%	2.59%	8.23%
70%	3.19	20.91%	3.26%	8.55%
80%	4.64	29.33%	3.05%	8.30%
90%	**9.01**	**54.61%**	**3.05%**	**8.20%**
95%	17.75	105.16%	3.05%	13.41%



Source: Team elaboration

We identify an optimal WACC of 8.20% at a high Debt-to-Capital ratio of 90%, indicating that DNR's hurdle rate is primarily driven by the cost of equity. DNR should evaluate whether, in the near future, as the Energy Transition sector matures beyond its current early stage, it would be advantageous to adjust its capital structure to take advantage of the benefits of debt financing.

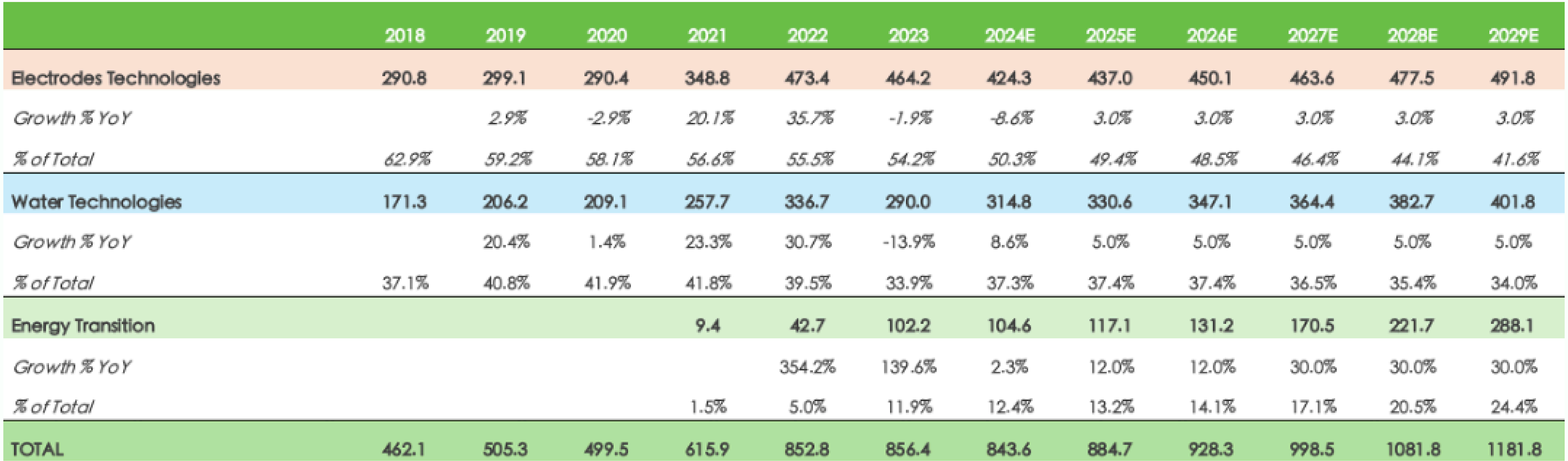
Appendix Map

FCFF projection

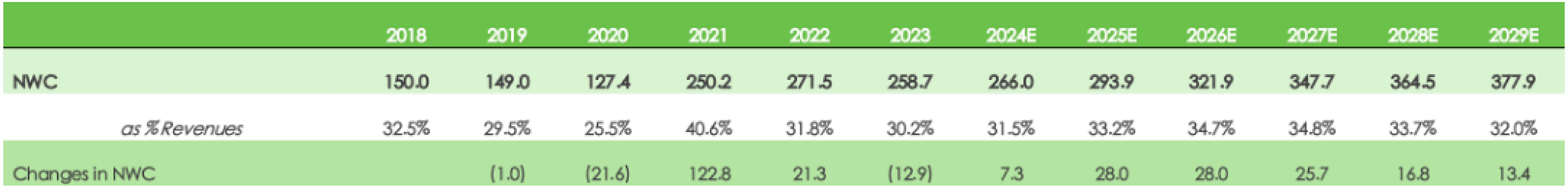
	2024E	2025E	2026E	2027E	2028E	2029E
Revenues	**843.6**	**884.7**	**928.3**	**998.5**	**1,081.8**	**1,181.8**
EBITDA margin	17.8%	17.6%	17.4%	17.1%	17.8%	17.3%
EBITDA	**150.1**	**155.7**	**161.5**	**170.3**	**192.5**	**204.2**
D&A	(32.0)	(33.6)	(35.3)	(37.9)	(41.1)	(44.9)
EBIT	**118.1**	**122.1**	**126.2**	**132.3**	**151.4**	**159.4**
NOPLAT (tax rate 25.55%)	**87.9**	**90.9**	**94.0**	**98.5**	**112.7**	**118.7**
CAPEX	(65.0)	(80.0)	(100.0)	(75.0)	(65.0)	(50.0)
as % of Revenue	*-7.7%*	*-9.0%*	*-10.8%*	*-7.5%*	*-6.0%*	*-4.2%*
Changes in NWC	(7.3)	(28.0)	(28.0)	(25.7)	(16.8)	(13.4)
as % of Revenue	-0.87%	-3.16%	-3.01%	-2.58%	-1.55%	-1.14%
D&A	32.0	33.6	35.3	37.9	41.1	44.9
FCFF	**47.6**	**16.5**	**1.3**	**35.7**	**72.0**	**100.1**
PV FCFF (analytic forecast)	47.6	15.2	1.1	27.6	51.1	65.1
Total PV FCFF (analytic forecast)	**161.2**			**Terminal Value**		**1820.02**
				PV of Terminal Value		**1192.56**

Appendix Map

Revenue and NWC growth breakdown



	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Electrodes Technologies	**290.8**	**299.1**	**290.4**	**348.8**	**473.4**	**464.2**	**424.3**	**437.0**	**450.1**	**463.6**	**477.5**	**491.8**
Growth % YoY		*2.9%*	*-2.9%*	*20.1%*	*35.7%*	*-1.9%*	*-8.6%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
% of Total	*62.9%*	*59.2%*	*58.1%*	*56.6%*	*55.5%*	*54.2%*	*50.3%*	*49.4%*	*48.5%*	*46.4%*	*44.1%*	*41.6%*
Water Technologies	**171.3**	**206.2**	**209.1**	**257.7**	**336.7**	**290.0**	**314.8**	**330.6**	**347.1**	**364.4**	**382.7**	**401.8**
Growth % YoY		20.4%	1.4%	23.3%	30.7%	-13.9%	8.6%	5.0%	5.0%	5.0%	5.0%	5.0%
% of Total	37.1%	40.8%	41.9%	41.8%	39.5%	33.9%	37.3%	37.4%	37.4%	36.5%	35.4%	34.0%
Energy Transition				9.4	42.7	102.2	104.6	117.1	131.2	170.5	221.7	288.1
Growth % YoY					354.2%	139.6%	2.3%	12.0%	12.0%	30.0%	30.0%	30.0%
% of Total				1.5%	5.0%	11.9%	12.4%	13.2%	14.1%	17.1%	20.5%	24.4%
TOTAL	**462.1**	**505.3**	**499.5**	**615.9**	**852.8**	**856.4**	**843.6**	**884.7**	**928.3**	**998.5**	**1081.8**	**1181.8**



	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
NWC	**150.0**	**149.0**	**127.4**	**250.2**	**271.5**	**258.7**	**266.0**	**293.9**	**321.9**	**347.7**	**364.5**	**377.9**
as % Revenues	32.5%	29.5%	25.5%	40.6%	31.8%	30.2%	31.5%	33.2%	34.7%	34.8%	33.7%	32.0%
Changes in NWC		(1.0)	(21.6)	122.8	21.3	(12.9)	7.3	28.0	28.0	25.7	16.8	13.4

Appendix Map

Monte Carlo assumption

Main specifications

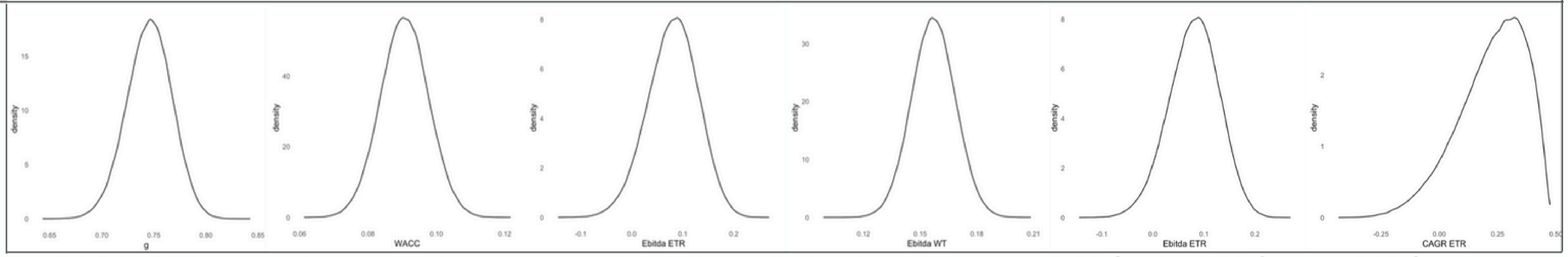
- For the growth rate g, we've assumed an asymmetric distribution ranging from 2.5% to 5%

- The standard deviation of the WACC distribution is calibrated using estimates of other analysts (market consensus), ranging substantially from 6% to 12%

- For the distributions of the EBITDA margin of electrode technologies and water technologies segments, we relied on historical standard deviations over the 2020-2023 period

- For both the EBITDA margin and revenue CAGR of the energy transition segment, we applied a left shifted beta distribution, centred on our optimistic estimates, allowing for negative values

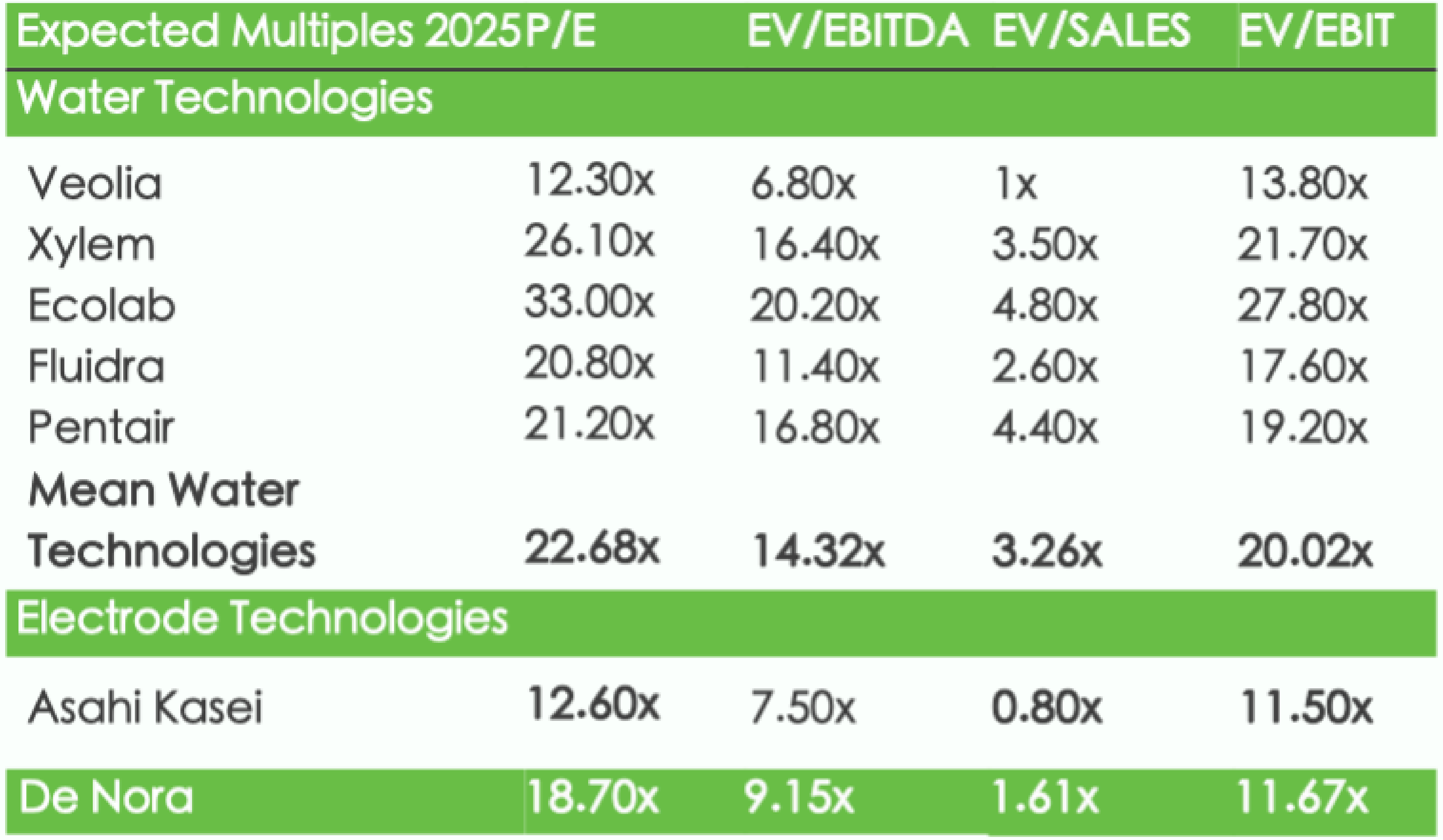
	Perpetual Growth	WACC	EBITDA margin ET	EBITDA margin WT	EBITDA margin ETr	CAGR ETr
DISTRIBUTION	Beta	Normal	Normal	Normal	Beta	Beta
SPECIFICATION	Alpha: 102.38 Beta: 3000	Mean: 8.98% Std. dev: 0.70%	Mean: 24.00% Std. dev: 1.59%	Mean: 15.70% Std. dev: 1.16%	Alpha: 60 Beta: 25.71 Left-shift: 0.62	Alpha: 6 Beta: 2 Left-shift: 0.53



For CAGR of ET segment revenues has been used a Uniform distribution with mean: 3.00%, min: 1.00%, max: 5.00%
For CAGR of ET segment revenues has been used a Uniform distribution with mean: 5.00%, min: 2.00%, max: 8.00%

Appendix Map

Industry peer multiples comparison



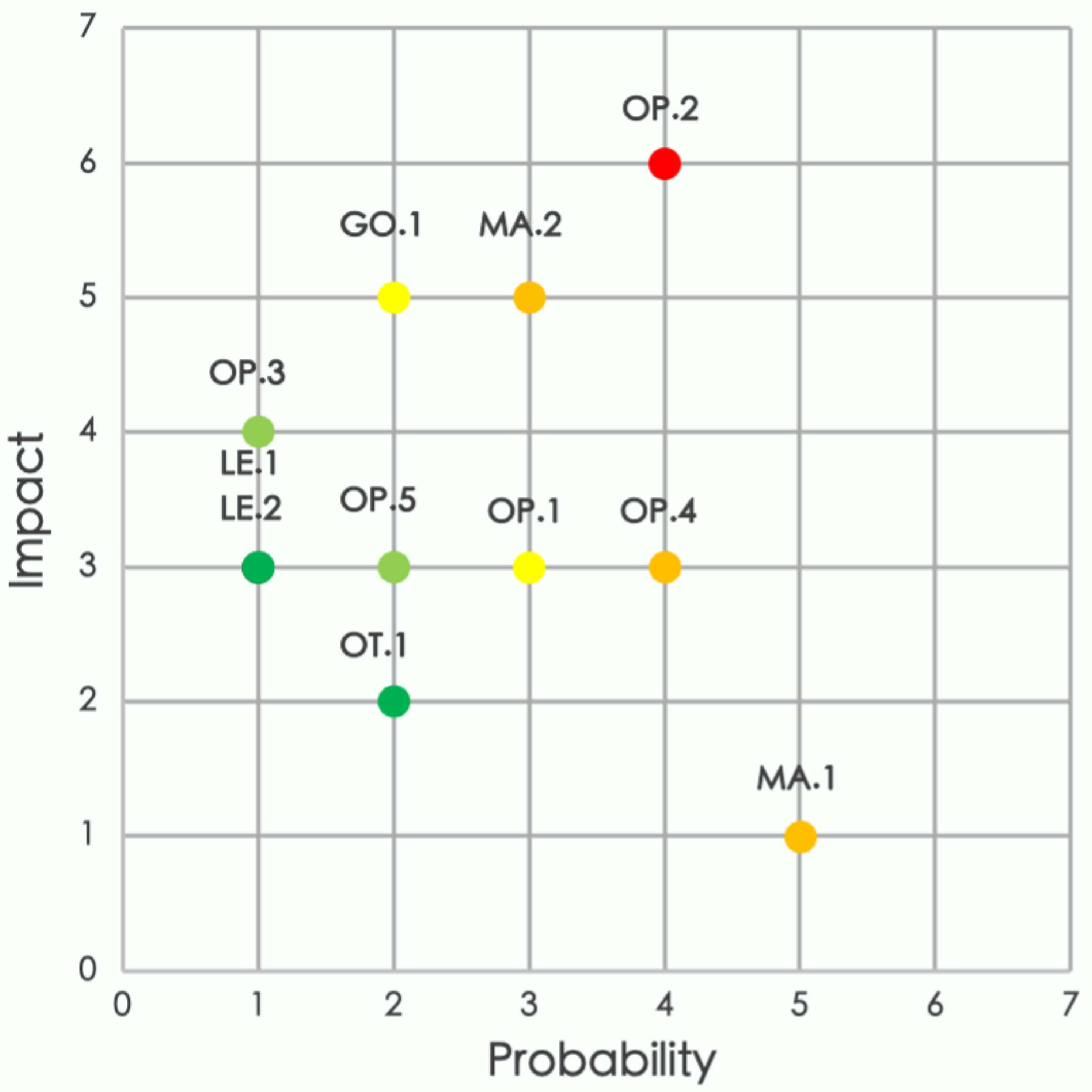
Expected Multiples 2025	P/E	EV/EBITDA	EV/SALES	EV/EBIT
Water Technologies				
Veolia	12.30x	6.80x	1x	13.80x
Xylem	26.10x	16.40x	3.50x	21.70x
Ecolab	33.00x	20.20x	4.80x	27.80x
Fluidra	20.80x	11.40x	2.60x	17.60x
Pentair	21.20x	16.80x	4.40x	19.20x
Mean Water Technologies	**22.68x**	**14.32x**	**3.26x**	**20.02x**
Electrode Technologies				
Asahi Kasei	12.60x	7.50x	0.80x	11.50x
De Nora	18.70x	9.15x	1.61x	11.67x

Is it useful to make direct multiple comparisons between DNR and its competitors in each segment?

?

Appendix Map

Investment risks



Operating

OP.1 Increasing in strategic raw materials' price
OP.2 Green hydrogen market development
OP.3 R&D
OP.4 Strong reliance on tk Nucera
OP.5 Expansion in water technologies industry

Legal

LE.1 Patents
LE.2 Legal compliance

Macroeconomics

MA.1 Currency, inflation and interest rate risk
MA.2 Geopolitical tensions

Governance

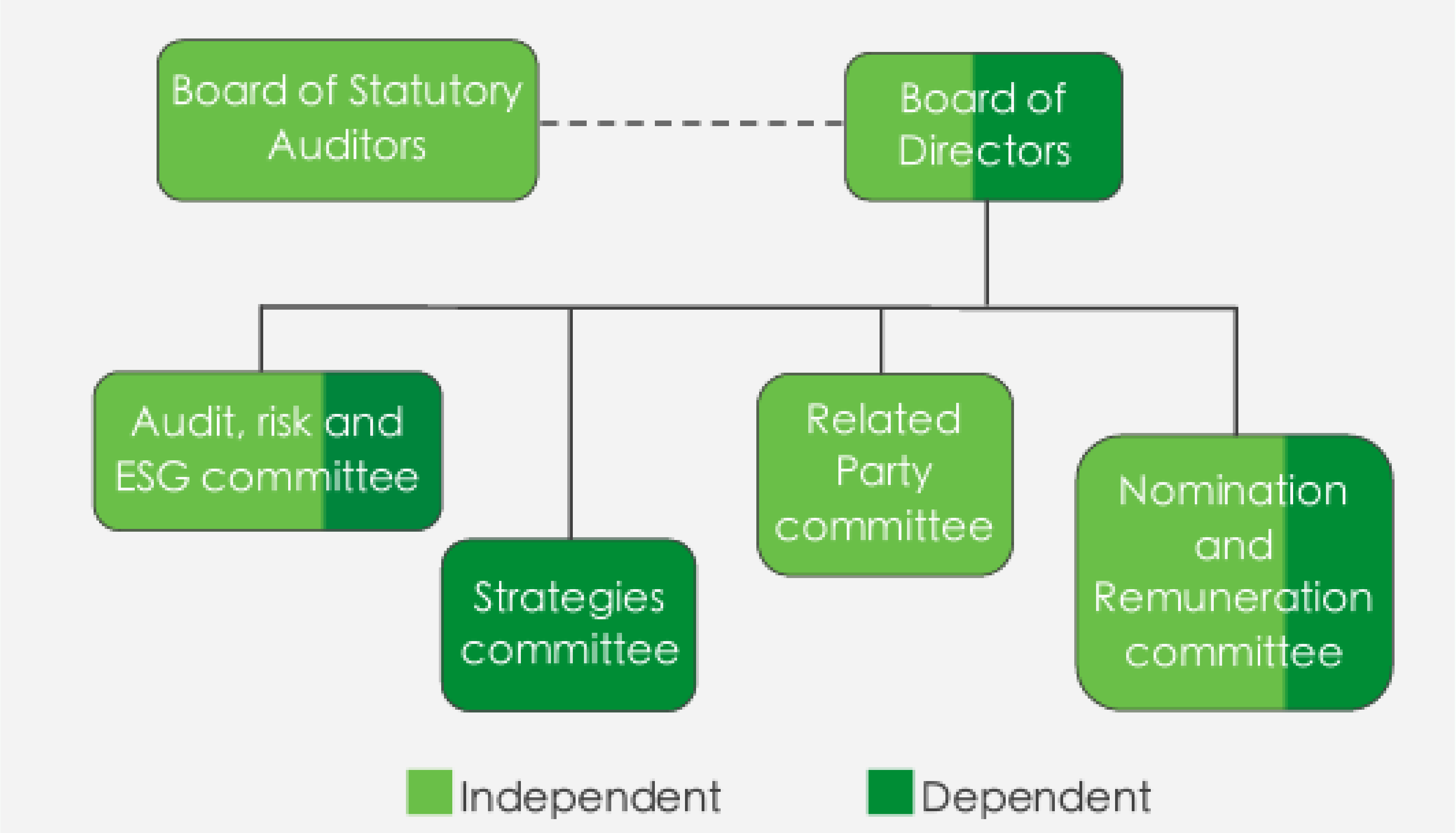
GO.1 Leadership continuity

Others

OT.1 Incidents and malfunctiont

Appendix Map

Corporate Governance Committees



CFO changes

Matteo Lodrini	**2004 - May 2023**
Massimiliano Moi	**May 2023 - May 2024**
Luca Oglialoro	**May 2024 - Now**

BoD turnover

	2022	2023
Audit, Risk and ESG committee	Alessandra Pasini	Paola Rastelli
Strategies committee	Sami Petteri Pelkonen	Roberto Cingolani

Appendix Map

ESG Materiality Matrix
Environmental

Resource Reduction Policy	TRUE
Policy Water Efficiency	TRUE
Policy Energy Efficiency	FALSE
Policy Sustainable Packaging	TRUE
Policy Environmental Supply Chain	TRUE
Total Water Use / Million in Revenue $	225,36
Environmental Supply Chain Management	TRUE
Targets Emissions	TRUE

Biodiversity Due Diligence	FALSE
Policy Pollution	TRUE
Policy Waste	TRUE
Green Capex	TRUE
Life Cycle Analysis	TRUE
Renewable/Clean Energy Products	TRUE
Waste Total	7196,64
Environmental Products	TRUE

Appendix Map

Source: Refinitiv

ESG Materiality Matrix

Social

Health & Safety Policy	TRUE
Policy Career Development	TRUE
Gender Pay Gap Percentage	95.20%
Women Employees	20.00%
Women Managers	27.91%
Human Rights Policy	TRUE
Internal Human Rights Training	TRUE
Policy Data Privacy	TRUE

Corruption Due Diligence	TRUE
Corruption Oversight	TRUE
Trade Union Representation	50.00%
Policy Cyber Security	TRUE
Policy Diversity and Opportunity	TRUE
Supplier ESG training	TRUE
Donations / Million in Revenue	235,52
Donations Total	€201,701.00

Appendix Map

Source: Refinitiv

ESG Materiality Matrix
Governance

External Consultants	TRUE
Audit Committee Independence	66.67%
Number of Board Meetings	10
Board Meeting Attendance Average	93.65%
Board Gender Diversity, Percent	30.77%
Board Specific Skills, Percent	20.00%
Non-Executive Board Members	86.67%
Independent Board Members	46.67%

Shareholder Rights Policy	TRUE
Policy Equal Voting Right	FALSE
Policy Shareholder Engagement	TRUE
Different Voting Right Share	TRUE
Equal Shareholder Rights	FALSE
Policy Tax Transparency	FALSE
Succession Plan	TRUE
Average Board Tenure	3.02 Yrs

Appendix Map

Source: Refinitiv