

AQUAFIL

Sector: Industrials

OUTPERFORM

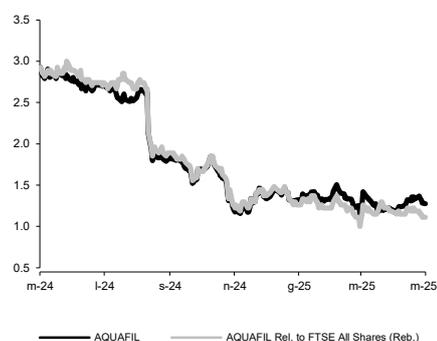
Price: Eu1.27 - Target: Eu2.10

Healthy 1Q, Econyl Reaching 60% Milestone Ahead of Schedule

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

AQUAFIL - 12M Performance



Stock Data			
Reuters code:	ECNL.MI		
Bloomberg code:	ECNL IM		
Performance	1M	3M	12M
Absolute	5.8%	-3.6%	-55.9%
Relative	-5.9%	-8.5%	-69.1%
12M (H/L)	2.93/1.15		
3M Average Volume (th):	218.45		

Shareholder Data	
No. of Ord shares (mn):	88
Total no. of shares (mn):	88
Mkt Cap Ord (Eu mn):	112
Total Mkt Cap (Eu mn):	112
Mkt Float - Ord (Eu mn):	44
Mkt Float (in %):	39.6%
Main Shareholder:	
AquaFin Holding	58.9%

Balance Sheet Data	
Book Value (Eu mn):	164
BVPS (Eu):	1.88
P/BV:	0.7
Net Financial Position (Eu mn):	-190
Enterprise Value (Eu mn):	302

- Econyl reaching 60% milestone ahead of schedule.** The company delivered results that were slightly above expectations, driven by stronger-than-anticipated margins despite high energy costs early in the year. Revenues amounted to €146.9mn, a YoY decline of 1.5% and 3.4% below our projections. This shortfall was primarily due to weakness in the EMEA region, although there were some encouraging signs from North America, especially within the BCF segment. Meanwhile, the NTF division remained soft. A particularly notable development in this release was the growing contribution of Econyl, which now accounts for 60.5% of total fiber revenues. This is a significant milestone, as it surpasses the company's 2025 target of 60% well ahead of schedule.
- Profitability up despite impact from higher utilities costs.** Adj. EBITDA stood at €17.1mn, up 12.2% YoY and 4.1% above our forecast (margin up c.1.4pp). This is a remarkable performance given the roughly €2mn hit from higher utility costs. Excluding this temporary headwind (expected to abate from 2Q thanks to the normalisation of gas prices) the EBITDA margin would have topped 13%, aligning with our FY margin expectations. Net income came in at €0.4mn, outperforming our anticipated loss of €0.9mn and representing a meaningful turnaround from the €3.1mn loss posted in the same period last year. Finally, net debt was reported at €222mn, broadly in line with our estimate, and up about €8mn QoQ. This increase reflects the usual seasonal pattern of the business.
- Plan targets confirmed, estimates unchanged:** management reaffirmed the economic and financial targets included in its Industrial Plan. As a reminder, the 2025 Plan foresees revenues between Eu600mn and Eu623mn, adj. EBITDA between Eu80mn and Eu87mn and net debt between Eu185mn and Eu190mn, with net debt/EBITDA therefore decreasing to between 2.4x and 2.1x. Following 1Q results we are only making minor adjustments to our P&L estimates for 2025, remaining slightly below the mid-point of the guidance range provided in the company's Industrial Plan. As for cash generation, while we are confirming our overall 2025 net debt forecast, we are slightly modifying the contributors, reducing CapEx by c.Eu5mn, while lifting NWC absorption by a similar amount. In our view, CapEx will be an element that provides flexibility in 2025, protecting the cash generation in the event of a potential macroeconomic slowdown.
- OUTPERFORM; target Eu2.1 confirmed:** we confirm our OUTPERFORM rating and TP of Eu2.1, deriving from a DCF model, which implies an EV/EBITDA target of 4.6x in 2025 and 4.0x in 2026 (on our estimates, the stock is currently trading at 3.7x and 3.1x respectively). Despite being affected by a temporary hike in the cost of utilities, 1Q25 results showed clear YoY improvements, with numbers that are gradually moving in the right direction. Persistent delivery, quarter after quarter, will be key to driving a re-rating of multiples and reducing the execution risk associated with the Industrial Plan, rebuilding the company's track record and allowing management to regain investors' confidence. Based on the expected de-leverage, we think the stock has significant upside potential and the risk/return looks attractive.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	581	551	612	633	647
EBITDA Adj (Eu mn)	48	62	82	90	92
Net Profit Adj (Eu mn)	-18	-12	9	16	18
EPS New Adj (Eu)	-0.354	-0.228	0.103	0.185	0.210
EPS Old Adj (Eu)	-0.354	-0.228	0.103	0.185	0.210
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	9.2	5.5	3.7	3.1	2.8
EV/EBIT Adj	nm	nm	9.7	7.1	6.2
P/E Adj	nm	nm	12.4	6.9	6.1
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	5.2	3.4	2.3	1.9	1.6

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed; among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5%-6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;
 OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
 NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;
 UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
 SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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