DE' LONGHI

OUTPERFORM

Sector: Consumers

Price: Eu35.02 - **Target: Eu41.00**

Still Striking a Rapid Beat: Caffeinated but Underrated

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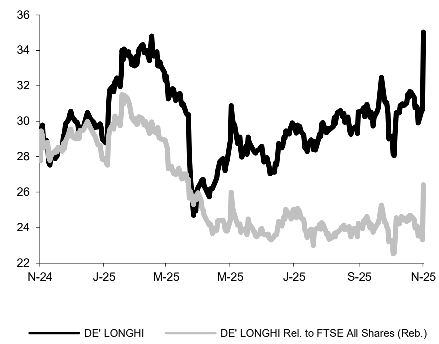
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 40.00 to 41.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.8%	0.8%	0.8%

DE' LONGHI - 12M Performance



Stock Data			
Reuters code:			DLG.MI
Bloomberg code:			DLG IM
Performance	**1M**	**3M**	**12M**
Absolute	20.8%	19.3%	26.1%
Relative	14.6%	12.7%	-6.6%
12M (H/L)			35.02/24.70
3M Average Volume (th):			126.41

Shareholder Data	
No. of Ord shares (mn):	150
Total no. of shares (mn):	151
Mkt Cap Ord (Eu mn):	5,235
Total Mkt Cap (Eu mn):	5,235
Mkt Float - Ord (Eu mn):	2,435
Mkt Float (in %):	46.5%
Main Shareholder:	
The Long E Trust (De'Longhi Fam.)	53.5%

Balance Sheet Data	
Book Value (Eu mn):	2,209
BVPS (Eu):	14.63
P/BV:	2.4
Net Financial Position (Eu mn):	700
Enterprise Value (Eu mn):	4,590

For the third quarter in a row, De'Longhi proved its strength, with 3Q25 results comfortably beating expectations and raising the bar for its targets. With flawless operational execution and a solid foundation in its core coffee business - both professional and household - the company continues to grow materially and expand margins despite market turbulence and volatility. Smart advertising allocation, combined with product innovation and new launches, supports a story of global market leadership with bright prospects ahead.

- **An underrated story that deserves far more recognition.** We keep stressing that De'Longhi's equity story has diverged significantly from historical peers since the Covid period, with over 60% of revenues now stemming from the highly profitable coffee business - both professional and household - an unmatched structure in the global industry. Yet the market still values the group using outdated, low-multiple frameworks that no longer apply from a growth or profitability standpoint. Other divisions beyond coffee are also performing well and carry appealing growth prospects.
- **Intrinsic value suggests massive potential of Eu46 per share.** We increasingly view De'Longhi as a combination of diverse yet synergistic businesses, each deserving a fair standalone valuation based on what the market assigns to comparable peers. Differences in profitability - particularly between professional and household coffee and other segments - justify similar valuation levels, in our view. Just for reference for the time being, we include a preliminary sum-of-the-parts analysis that yields a fair value of **Eu46 per share**, which would double the upside to current prices. We are confident this assessment is conservative rather than optimistic.
- **Bright prospects ahead.** The market continues to underestimate De'Longhi's ability to raise the bar, deliver on targets, sustain higher performance levels and continue to grow. This was evident during the Covid boom in at-home consumption and again with the ongoing push in coffee and innovation in the nutrition segment. Even with a more normalised growth profile, the group is showing steady expansion driven by both organic initiatives and successful external growth. This reflects a gradual, structural shift where cyclicality now merely translates into different speeds of growth. Coffee still holds significant untapped potential in key markets such as the US and Asia, while the Nutrition division is expected to return to a stronger pace of growth starting in 2026.
- **Estimates revision.** Again, we are revising our expectations upwards to reflect updated guidance and early indications for 2026.
- **OUTPERFORM confirmed; target Eu41 (from Eu40).** We are ever-more convinced that business fundamentals are robust, with particularly resilient Coffee trends and still-untapped opportunities increasingly visible across regions, with the company continuing to expand penetration and brand recognition. Results and prospects, especially in the highly resilient Coffee segment but also in Nutrition, show that the company is ready to benefit fully from positive momentum, thanks in part to the strong product launch pipeline which is confirmed for FY26 as well. M&A remains a key catalyst for the stock and looks highly likely in the medium term. Current stock levels that are below the historical average represent a clear opportunity, as the value of professional coffee and prospects are not even minimally reflected. Based on new estimates and an updated risk-free rate, now at 3.5% vs. 4% previously, we confirm our OUTPERFORM recommendation, with the target price now at Eu41.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	3,076	3,497	3,786	4,060	4,360
EBITDA Adj (Eu mn)	444	560	619	685	739
Net Profit Adj (Eu mn)	250	311	351	395	437
EPS New Adj (Eu)	1.658	2.057	2.321	2.613	2.890
EPS Old Adj (Eu)	1.658	2.057	2.302	2.593	2.867
DPS (Eu)	0.677	1.250	1.411	1.588	1.756
EV/EBITDA Adj	6.1	6.9	7.4	6.5	5.8
EV/EBIT Adj	6.5				
P/E Adj	21.1	17.0	15.1	13.4	12.1
Div. Yield	1.9%	3.6%	4.0%	4.5%	5.0%
Net Debt/EBITDA Adj	-1.5	-1.1	-1.1	-1.3	-1.4

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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 FTSEMIB40 Index, most of those on the MIDEX 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.
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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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BUY:	32.06%
OUTPERFORM:	38.17%
NEUTRAL:	29.01%
UNDERPERFORM:	00.76%
SELL:	00.00%

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OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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