

EL.EN.

Sector: *Industrials*

BUY

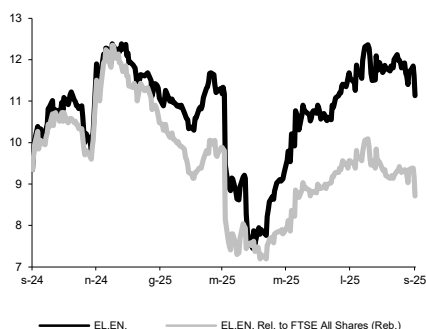
Price: Eu11.13 - Target: Eu14.70

Mixed 2Q25 Results, but Outlook Remains Encouraging

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	-2.9%	-2.4%	-2.2%

EL.EN. - 12M Performance



Stock Data			
Reuters code:	ELEN.MI		
Bloomberg code:	ELN IM		
Performance	1M	3M	12M
Absolute	-4.8%	2.7%	19.0%
Relative	-6.8%	-2.8%	-8.6%
12M (H/L)	12.38/7.45		
3M Average Volume (th):	73.28		

Shareholder Data	
No. of Ord shares (mn):	80
Total no. of shares (mn):	80
Mkt Cap Ord (Eu mn):	889
Total Mkt Cap (Eu mn):	889
Mkt Float - Ord (Eu mn):	471
Mkt Float (in %):	53.0%
Main Shareholder:	
Cangioli Andrea	14.8%

Balance Sheet Data	
Book Value (Eu mn):	397
BVPS (Eu):	4.95
P/BV:	2.2
Net Financial Position (Eu mn):	168
Enterprise Value (Eu mn):	750

■ **Mixed 2Q25 results:** the company reported mixed results, with a weaker-than-expected performance in the industrial segment, but solid cash generation. Revenues reached €144.4mn, up 1.8% YoY but approximately 2% below our expectations. The shortfall was entirely attributable to the industrial business, which contracted by 2.7% YoY vs. our forecast of a 6.1% increase, despite an easy comparison with last year, when the performance was dented by the phase-out of Industry 4.0 incentives and delays in the implementation of Transition 5.0 measures. By contrast, the medical division grew 3.4% YoY, slightly ahead of expectations, driven mainly by demand for anti-aging products and the urology portfolio. The gross margin was broadly in line with forecasts at 43.8%, unchanged from last year. EBITDA stood at €20.5mn compared to €24.6mn the previous year, reflecting the underperformance of the industrial business. EBIT declined to €15.4mn from €26.3mn last year, although that figure was boosted by roughly €5mn of non-recurring gains and the release of about €1.5mn in reserves; adjusted for these, the underlying decline is less pronounced. On a more positive note, cash generation remained robust, with net cash of around €90mn at end-June, comfortably above our forecast of €78mn. Adjusted for €6mn of financial investments during the period, the net cash position would have been even better at approximately €96mn.

■ **Positive outlook based on solid order book:** the outlook for the remainder of the year is still positive thanks to a solid order book in both divisions that bodes well for growth in the second half of the year. In the industrial segment, most of the improvement should come from a recovery in the Italian market, where revenues were soft in 2Q but the order book is particularly solid. Management therefore confirmed it is targeting a YoY increase in turnover in 2025. In the absence of unfavourable external events, El.En. is also aiming at a YoY improvement in operating profit (last year EBIT came to Eu78.3mn).

■ **Estimates only fine-tuned:** at this stage we are only fine-tuning our top line and margin estimates, mainly to reflect a slightly different revenue mix (+Medical / - Industrial). Below the EBITDA line, we are increasing D&A and fine-tuning the net financial charges to reflect updated ForEx movements and the capital gain deriving from the disposal of the Chinese activities. Our estimates are consistent with guidance, as we see revenues up 3.6% YoY and EBIT improving to Eu78.9mn vs. Eu78.3mn last year.

■ **BUY reaffirmed; target confirmed at Eu14.7.** We confirm our positive view on the stock as we appreciate its increased focus on the Medical business and its solid financial structure (we estimate Eu173mn at year end, representing almost 20% of the current market cap), which improved further after the disposal of the Chinese cutting business. Improving results in the second part of the year and any decision on capital allocation given the strong cash position will probably be key to driving a re-rating of multiples, which we think would be justified looking at the improved ROIC after the disposal of the Chinese business.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	576	566	586	625	665
EBITDA Adj (Eu mn)	92	92	94	102	109
Net Profit Adj (Eu mn)	48	48	51	58	63
EPS New Adj (Eu)	0.604	0.599	0.637	0.727	0.789
EPS Old Adj (Eu)	0.604	0.599	0.656	0.745	0.807
DPS (Eu)	0.200	0.220	0.230	0.250	1.250
EV/EBITDA Adj	9.5	8.0	8.0	7.1	6.3
EV/EBIT Adj	11.2	9.4	9.5	8.3	7.4
P/E Adj	18.4	18.6	17.5	15.3	14.1
Div. Yield	1.8%	2.0%	2.1%	2.2%	11.2%
Net Debt/EBITDA Adj	-0.6	-1.2	-1.8	-1.9	-2.1

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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 FTSEMIIB40 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.

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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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As at 12 September 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	30.60%
OUTPERFORM:	38.06%
NEUTRAL:	31.34%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (78 in total) is as follows:

BUY:	48.72%
OUTPERFORM:	30.77%
NEUTRAL:	20.51%
UNDERPERFORM:	00.00%
SELL:	00.00%

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