

# EL.EN.

Sector: Industrials

## BUY

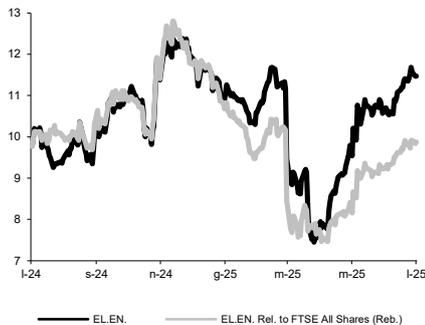
Price: Eu11.47 - Target: Eu14.70

## End of the Saga: PLZ Disposal Finally Completed

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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%

### EL.EN. - 12M Performance



Stock Data			
Reuters code:	ELEN.MI		
Bloomberg code:	ELN IM		
Performance	1M	3M	12M
Absolute	8.5%	44.4%	16.2%
Relative	7.2%	32.7%	0.3%
12M (H/L)	12.38/7.45		
3M Average Volume (th):	102.99		

Shareholder Data	
No. of Ord shares (mn):	80
Total no. of shares (mn):	80
Mkt Cap Ord (Eu mn):	916
Total Mkt Cap (Eu mn):	916
Mkt Float - Ord (Eu mn):	485
Mkt Float (in %):	53.0%
Main Shareholder:	
Cangioli Andrea	14.8%

Balance Sheet Data	
Book Value (Eu mn):	398
BVPS (Eu):	4.97
P/BV:	2.3
Net Financial Position (Eu mn):	173
Enterprise Value (Eu mn):	772

- Closing of 59.18% Penta Laser Zhejiang stake disposal:** yesterday evening ELN announced the long-awaited closing of the agreement for the disposal of a 59.18% stake in the Chinese subsidiary Penta Laser Zhejiang to Yangtze Optical Fibre and Cable, finally putting an end to a process that took several months to complete and required a high level of commitment from management, which will now be able to return to focusing solely on the company's profitable activities, namely the medical business and the ex-China industrial business. As a reminder, the disposed business generated 2024 revenues of Eu81.8mn and negative EBIT of Eu7.1mn.
- Financials of the deal.** The transaction involves the disposal of a 59.18% stake in Penta Laser Zhejiang, with a sale price set at CNY240mn (in line with what was communicated in March). The deal includes price adjustment clauses based on financial performance and potential provisions, with a maximum revision of up to 15%. As part of the terms, El.En., through Ot-las, will retain a 19.2% stake in Penta Laser Zhejiang, and will be restricted from selling this stake until approval of the company's 2027 financial statements. Furthermore, it will maintain pre-emptive and co-sale rights in the event of any subsequent transactions beyond that date.
- Estimates fine-tuned:** We are only making marginal adjustments to the estimates we updated following 1Q results, essentially to reflect the only difference compared to March, namely a less favourable exchange rate due to the movement of the renminbi, which depreciated by approximately 6% in the last quarter alone. This entails proceeds of approximately €28.5mn (vs. €30.6mn previously included in our estimates) and a different accounting of capital gains and foreign exchange reserves (which will be defined based on final numbers as at 30 June), but these are purely accounting differences that do not change either our adjusted estimates or the soundness of the transaction.
- BUY reaffirmed; target Eu14.7.** We believe the disposal represents a clear positive catalyst for the stock, finally removing any lingering uncertainty over the disposal of the Chinese assets. Following closing, the company is in an even stronger position, sitting on a huge pile of cash (we estimate Eu173mn at year end, representing almost 20% of the current market cap), boasting greater exposure to the high-margin, high-growth Medical business and having management fully focused on the core business. As for the remainder of the Industrial business, in our view plenty of options exist, from keeping the business inside the company's scope, as unlike the Chinese company it is turning a profit, to strategic alliances with Western players and/or a potential disposal. We confirm our TP of Eu14.7 and our positive recommendation, recently moved to BUY.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	576	566	587	626	667
EBITDA Adj (Eu mn)	92	92	94	102	109
Net Profit Adj (Eu mn)	48	48	53	60	65
EPS New Adj (Eu)	0.604	0.599	0.656	0.745	0.807
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	8.2	7.3	6.5
EV/EBIT Adj	11.2	9.4	9.6	8.4	7.4
P/E Adj	19.0	19.1	17.5	15.4	14.2
Div. Yield	1.7%	1.9%	2.0%	2.2%	10.9%
Net Debt/EBITDA Adj	-0.6	-1.2	-1.8	-2.0	-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 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 30 June 2025 Intermonte's Research Department covered 133 companies. As of today Intermonte's distribution of stock ratings is as follows:

BUY:	31.85 %
OUTPERFORM:	37.78 %
NEUTRAL:	30.37 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

As at 30 June 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (80 in total) is as follows:

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

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In order to disclose its possible conflicts of interest Intermonte SIM states that:

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Emittente	%	Long/Short
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