

EL.EN.

Sector: Industrials

OUTPERFORM

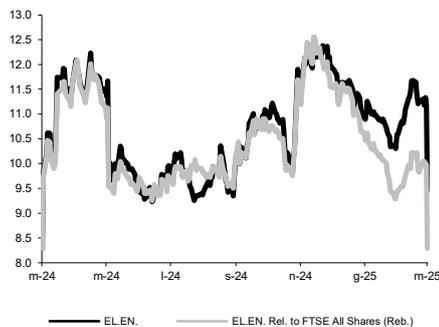
Price: Eu9.46 - Target: Eu14.00

Solid Fundamentals and Strong Cash Position, Awaiting Clarity on Divestment

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 14.80 to 14.00		
	2025E	2026E	2027E
Chg in Adj EPS	-16.4%	-12.1%	

EL.EN. - 12M Performance



Stock Data			
Reuters code:	ELEN.MI		
Bloomberg code:	ELN IM		
Performance	1M	3M	12M
Absolute	-10.6%	-20.8%	14.2%
Relative	-12.3%	-31.1%	0.3%
12M (H/L)	12.38/9.23		
3M Average Volume (th):	147.70		

Shareholder Data	
No. of Ord shares (mn):	80
Total no. of shares (mn):	80
Mkt Cap Ord (Eu mn):	756
Total Mkt Cap (Eu mn):	756
Mkt Float - Ord (Eu mn):	400
Mkt Float (in %):	53.0%
Main Shareholder:	
Cangioli Andrea	14.8%

Balance Sheet Data	
Book Value (Eu mn):	394
BVPS (Eu):	4.93
P/BV:	1.9
Net Financial Position (Eu mn):	139
Enterprise Value (Eu mn):	621

■ **Strong Medical and Cash generation, lower profitability:** the company released a set of results that are not fully comparable with our estimates due to the reclassification of the Chinese industrial laser cutting division under discontinued operations. However, where comparisons can be drawn, some key takeaways emerge. The Medical business delivered an even stronger performance than expected, with YoY growth of 11.4% in 4Q24, surpassing our forecast for +9.2%. Within this segment, the Aesthetic business (57% of divisional revenues) saw a remarkable +15.5% YoY in 4Q, while Medical Services (19% of divisional revenues) was up c.15% YoY. On the other hand the industrial segment (incl. China) declined by -33%, well below our -9% estimate. As for profitability, 2024 EBIT stood at €78.3mn, but would have been €71.0mn like-for-like, falling short of our €78.2mn estimate due to a weaker performance in the laser cutting division and €2.7mn of non-recurring costs. The main positive aspect of the release was cash generation, with net cash significantly exceeding our expectations, reaching €120.4mn (w/o IFRS5) compared to our €84.5mn estimate, mainly due to efficient NWC management.

■ **2025 outlook:** while the company's budgeting activity revealed a certain optimism for 2025, foreseeing an improvement in both turnover and profitability (and the results of the first 2 months would seem to confirm this confidence), the most recent geopolitical developments have made the outlook for the remainder of the year more complex. In this highly uncertain economic environment, management anticipates revenue growth, particularly in the industrial sector, while the Medical sector is forecast flattish/up slightly. Operating results are expected to be in line with 2024 (excl. potential tariffs). While turnover indications fell short of our expectations, as we were expecting an acceleration in the Medical business in 2025, we point out that part of the difference is explained by the disposal of the majority stake in the Japanese subsidiary (c.€10mn of revenues in 2024). Net of this change in scope, the difference would have been more limited. EBIT guidance is ~6% below our previous estimates.

■ **Estimates:** we are revising our model to include the impact of IFRS5, and therefore deconsolidate the contribution of the Chinese laser cutting business, now booked under discontinued operations. At operating level we are bringing our estimate into line with company guidance by shaving c.6% off EBIT, reaching €78mn (numbers are comparable as we estimated breakeven in China in 2025). In contrast, we are raising net cash by c.€20mn, reflecting a better end to the year and expectations for cash generation to remain healthy also in 2025.

■ **OUTPERFORM confirmed; target Eu14.0:** we believe the stock's weak post-results reaction is more related to the lack of an update on the divestment of the Chinese industrial cutting business (deadline at the end of the month) rather than 2025 guidance. We continue to believe that if the sale goes through, the company will find itself in an even stronger position, as it will not only be able to boast greater exposure to the high-margin, high-growth Medical business, but it will also have an even more solid net cash position, which currently represents c.15% of the market cap. We believe current multiples look quite attractive, with the stock trading at 6.8x/15.8x EV/EBITDA/PE on 2025 numbers.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	576	566	582	621	662
EBITDA Adj (Eu mn)	92	92	92	100	107
Net Profit Adj (Eu mn)	48	48	48	55	62
EPS New Adj (Eu)	0.604	0.599	0.599	0.689	0.775
EPS Old Adj (Eu)	0.604	0.675	0.716	0.784	
DPS (Eu)	0.200	0.220	0.230	0.250	1.250
EV/EBITDA Adj	9.3	7.8	6.8	5.9	5.3
EV/EBIT Adj	10.9	9.1	8.0	6.9	6.1
P/E Adj	15.7	15.8	15.8	13.7	12.2
Div. Yield	2.1%	2.3%	2.4%	2.6%	13.2%
Net Debt/EBITDA Adj	-0.6	-1.2	-1.5	-1.7	-1.9

