EL.EN.

BUY

Sector: Industrials

Price: Eu12.37 - **Target: Eu16.50**

Cash Position and Strong Order Intake Provide a Solid Base for 2026

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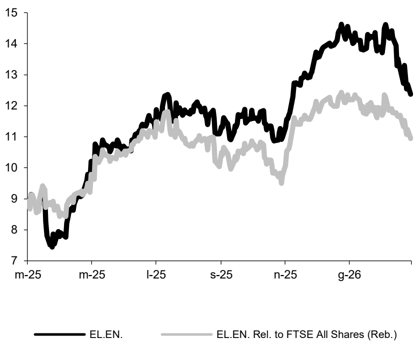
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 15.80 to 16.50
	2026E	**2027E**	**2028E**
Chg in Adj EPS	-1.7%	-1.5%	

EL.EN. - 12M Performance



Stock Data			
Reuters code:			ELEN.MI
Bloomberg code:			ELN IM
Performance	**1M**	**3M**	**12M**
Absolute	-10.9%	-9.9%	30.7%
Relative	-7.8%	-9.9%	16.7%
12M (H/L)			14.63/7.45
3M Average Volume (th):			62.06

Shareholder Data	
No. of Ord shares (mn):	80
Total no. of shares (mn):	80
Mkt Cap Ord (Eu mn):	988
Total Mkt Cap (Eu mn):	988
Mkt Float - Ord (Eu mn):	523
Mkt Float (in %):	53.0%
Main Shareholder:	
Cangioli Andrea	14.8%

Balance Sheet Data	
Book Value (Eu mn):	410
BVPS (Eu):	5.12
P/BV:	2.4
Net Financial Position (Eu mn):	205
Enterprise Value (Eu mn):	785

- **Cash generation the bright spot.** El.En. reported mixed 4Q results, with revenues and cash generation above our expectations but profitability below our forecasts. Sales reached €168.9mn (+5.8% YoY), around 3% above our estimate, mainly supported by a stronger-than-expected rebound in the Industrial segment (+10.6% YoY), driven in particular by an excellent performance in the Italian market (c.+68%), while Medical grew +4.1% YoY, slightly ahead of expectations (Aesthetic +5.2% YoY, Surgical +4.8%). We note that on a FY basis, if we were to exclude the negative effect of the disposal of Withus, the growth of the Medical business would have been close to 10%. EBIT came in at €22.8mn, about €1mn below our estimate, as the margin was hit by a less favourable mix in 4Q, with Industrial stronger than Medical and, in the Industrial segment, higher growth from the Italian business, which generally has lower margins than other geographies. On the bottom line, FY net profit amounted to €43.4mn vs our €50.4mn estimate, reflecting both the lower EBIT and non-recurring items related to the disposal of the Chinese cutting business, including a €3.8mn tax-related charge. Net cash stood at €172.2mn, c.€5mn above our estimate thanks to stronger operating cash generation. Finally, the proposed DPS of €0.25 per share was slightly above our €0.23 forecast.
- **2026 revenues seen growing by 5%.** Management guided for around 5% revenue growth in 2026, equally split between Medical and Industrial, alongside an improvement in the EBIT margin. During the conference call, management noted that at the beginning of the year their expectations were more ambitious; however, in light of recent geopolitical developments they had decided to adopt a more cautious stance, also considering that around 15% of revenues in the aesthetic business (roughly 6% of Group sales) are generated in the Middle East. At the same time, order intake in the final months of 2025 and in January-February remained strong across both divisions, providing a solid starting point for the year despite the still uncertain macro environment. Considering El.En.'s historically conservative approach to guidance, the indication of both growth and margin improvement should be read as a reassuring signal on demand visibility and business momentum.
- **Estimates merely fine-tuned.** The indicated top-line growth rate appears slightly below the figure we had in our estimates; however, given that the 2025 starting point turned out to be higher than expected, the absolute gap is pretty narrow. As a matter of fact, we substantially confirm our operating estimates at this point, while slightly rising the tax rate.
- **BUY reaffirmed; target Eu16.5.** We reiterate our positive stance on the stock, supported by the Group's increasing strategic focus on the Medical division and its solid financial position. Improving results in the Industrial segment and any decision on capital allocation given the strong cash position will likely be key for a re-rating of multiples, which we think would be justified looking at the improved ROIC after the disposal of the Chinese business. Any strategic move on the future of the Industrial Cutting division would also be welcomed, although we do not view this as a near-term driver. TP up following the rollover of our valuation model (DCF).

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	566	591	622	662	703
EBITDA Adj (Eu mn)	92	93	101	109	116
Net Profit Adj (Eu mn)	48	44	57	62	67
EPS New Adj (Eu)	0.599	0.550	0.715	0.777	0.836
EPS Old Adj (Eu)	0.599	0.638	0.727	0.790	
DPS (Eu)	0.220	0.250	0.280	0.310	0.340
EV/EBITDA Adj	7.7	7.6	7.7	7.0	6.3
EV/EBIT Adj	9.1	9.1	9.1	8.1	7.2
P/E Adj	20.6	22.5	17.3	15.9	14.8
Div. Yield	1.8%	2.0%	2.3%	2.5%	2.7%
Net Debt/EBITDA Adj	-1.2	-1.9	-2.0	-2.2	-2.3

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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:	29.77%
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 (76 in total) is as follows:

BUY:	52.63%
OUTPERFORM:	27.63%
NEUTRAL:	18.42%
UNDERPERFORM:	01.32%
SELL:	00.00%

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