Intermonte

Milan, 18 November 2025

Italian Equity Research – 3Q25 Results

EL.EN.

BUY

Sector: Industrials

Price: Eu11.29 - **Target: Eu15.80**

Strong Cash Generation and Visible Strategic Direction

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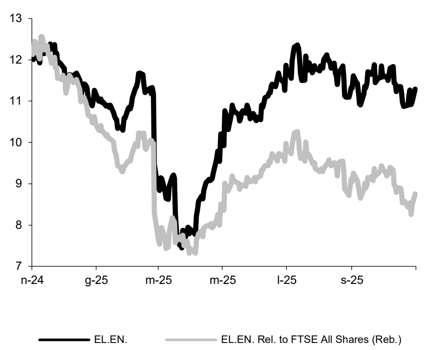
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 14.70 to 15.80
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.1%	0.0%	0.0%

EL.EN. - 12M Performance



Stock Data			
Reuters code:			ELEN.MI
Bloomberg code:			ELN IM
Performance	**1M**	**3M**	**12M**
Absolute	-2.6%	-4.3%	-2.8%
Relative	-7.1%	-6.8%	-30.3%
12M (H/L)			12.38/7.45
3M Average Volume (th):			84.80

Shareholder Data	
No. of Ord shares (mn):	80
Total no. of shares (mn):	80
Mkt Cap Ord (Eu mn):	902
Total Mkt Cap (Eu mn):	902
Mkt Float - Ord (Eu mn):	478
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:	2.3
Net Financial Position (Eu mn):	168
Enterprise Value (Eu mn):	763

- **Solid 3Q print.** El.En reported 3Q results that were broadly in line with our expectations at operating level, with a stronger-than-anticipated gross margin that fully offset the slight shortfall in revenues. Group sales reached €136.6mn, up 1.4% YoY but 0.9% below our estimates. The Medical division once again proved to be key to resilience, posting a 2.5% YoY increase despite a very tough comparison base. Within Medical, the Aesthetic segment delivered a solid 5.8% rise driven mainly by the expansion of anti-aging applications. However, the Industrial business remained soft, down 1.8% YoY as the Cutting segment continued to contract (-6.3% as the result was also influenced by the postponement of some invoices from 3Q to 4Q), only partly compensated by +1.2% growth in Marking. Profitability was a positive surprise: the gross margin reached 45.5%, meaningfully above our 43.9% estimate, supported by a more favourable business mix with a greater contribution from Medical. EBIT was €20.4mn, slightly ahead of expectations (+0.8%) and almost €1mn above the prior year, helping to reduce the YoY gap to last year's results. The standout metric, however, was cash generation. Net cash at €137.4mn significantly exceeded our €125mn expectation, reinforcing the group's strong financial position.
- **Clear strategic direction.** Management outlined several key themes during the conference call. For the Industrial Cutting division, they acknowledged that the business is no longer fully aligned to the rest of the Group and reiterated their view that it would benefit from being combined with a larger or more complementary organization. In the near term, the focus remains on managing Cutlite's potential and continuing to invest, while the longer-term goal is to identify a strategic partner for the asset. The remainder of the Industrial perimeter is considered core and will remain within the Group. On capital allocation, management emphasized that CapEx and operating requirements remain the top priority. They are evaluating a pipeline of small, accretive bolt-on acquisitions in both the Medical and Industrial segments and indicated that one or more small deals could be finalized shortly. More complex, transformational opportunities are also being reviewed, although there are no developments at this stage. Finally, no one-off cash distribution has been approved so far. Management closed by expressing confidence in achieving ca. €23mn EBIT in 4Q, in line with full-year guidance.
- **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). Our estimates are in line with guidance, which points to higher revenues and EBIT YoY. We see EBIT improving to Eu78.9mn vs. Eu78.3mn last year.
- **BUY reaffirmed; target Eu15.8.** 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 revision of the risk-free rate to 3.5% from 4.0%.

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	0.638	0.727	0.790
EPS Old Adj (Eu)	0.604	0.599	0.637	0.727	0.789
DPS (Eu)	0.200	0.220	0.230	0.250	1.250
EV/EBITDA Adj	9.5	8.0	8.1	7.2	6.4
EV/EBIT Adj	11.2	9.4	9.7	8.5	7.5
P/E Adj	18.7	18.8	17.7	15.5	14.3
Div. Yield	1.8%	1.9%	2.0%	2.2%	11.1%
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 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.

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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BUY:	32.06%
OUTPERFORM:	37.40%
NEUTRAL:	29.78%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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