

# EL.EN.

Sector: Industrials

## BUY

Price: Eu8.94 - Target: Eu14.50

## Last Gasp Agreement Found: Upgrade to BUY

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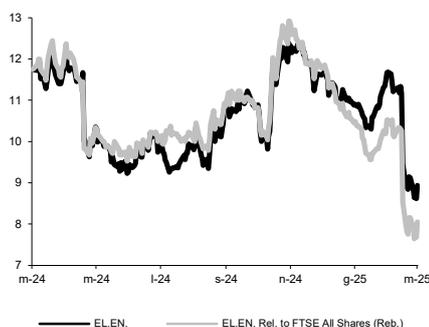
### Stock Rating

**Rating:** from OUTPERFORM to BUY

**Target Price (Eu):** from 14.00 to 14.50

	2025E	2026E	2027E
Chg in Adj EPS	7.1%	5.3%	1.5%

### EL.EN. - 12M Performance



### Stock Data

Reuters code: ELEN.MI

Bloomberg code: ELN IM

Performance	1M	3M	12M
Absolute	-23.5%	-23.0%	-23.9%
Relative	-23.7%	-35.7%	-34.8%
12M (H/L)		12.38/8.62	
3M Average Volume (th):		175.14	

### Shareholder Data

No. of Ord shares (mn):	80
Total no. of shares (mn):	80
Mkt Cap Ord (Eu mn):	714
Total Mkt Cap (Eu mn):	714
Mkt Float - Ord (Eu mn):	378
Mkt Float (in %):	53.0%
Main Shareholder:	
Cangioli Andrea	14.8%

### Balance Sheet Data

Book Value (Eu mn):	402
BVPS (Eu):	5.03
P/BV:	1.8
Net Financial Position (Eu mn):	170
Enterprise Value (Eu mn):	563

■ **ELN to sell 59.18% in Penta Laser Zhejiang:** the long-awaited agreement for the disposal of the Chinese cutting business has finally arrived, with El.En. selling the majority stake in Penta Laser Zhejiang to Yangtze Optical Fibre and Cable. The business being sold generated 2024 revenues of Eu81.8mn and negative EBIT of Eu7.1mn. As hinted in the early January statement, Cutlite Penta (the company running laser cutting business in Europe) remains under the control of El.En. The key update is that YOFC will not receive even a minority stake.

■ **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 (c.Eu31mn). This valuation is slightly below the c.CNY298mn (c.Eu38mn) announced in November last year, as it takes into account various factors, including tax liabilities and write-downs incurred in recent months. The deal includes price adjustment clauses based on financial performance and potential provisions. 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.

■ **Timeline:** the agreement is subject to regulatory approvals, including a review by the Italian Prime Minister's Office under the Golden Power Law. If all conditions are met, the transaction is expected to close within 90 days of signing.

■ **Estimates:** as a reminder, in our latest report we revised our model in accordance with IAS/IFRS 5, thus deconsolidating the business under disposal line-by-line; its contribution was therefore reported among discontinued operations. In this report we are therefore confirming our estimates down as far as EBIT, while below the line we are 1) including the capital gain from the transaction estimated at c.Eu6mn, 2) including in the associates line the results of the remaining 19.2% stake in PLZ, 3) removing from discontinued operations the expected loss from PLZ (still included in 1Q25). Finally, we are including the cash-in from the disposal in our NFP estimate.

■ **What's next?** We believe once the sale of the Chinese business is completed, focus will shift to the future of Cutlite Penta. At that point, the company may explore partnerships or a potential sale to a Western player. From this perspective, the fact that the Chinese operator did not acquire a minority stake could make future deals easier, especially with American counterparts.

■ **BUY from Outperform; target Eu14.5.** We believe the disposal represents a clear positive catalyst for the stock, especially after the weak performance recorded since the deal was initially delayed. Following closing, 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, it will also have an even more solid net cash position, which at year end will represent c.25% of the market cap. We are lifting our TP from Eu14.0 to Eu14.5 to factor in our evaluation of the cash in from the sale. In light of attractive multiples (6.1x/13.9x EV/EBITDA/P/E on 2025 numbers) and the material upside to our TP, we are upgrading the stock to BUY.

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	51	58	63
EPS New Adj (Eu)	0.604	0.599	0.641	0.725	0.786
EPS Old Adj (Eu)	0.604	0.599	0.599	0.689	0.775
DPS (Eu)	0.200	0.220	0.230	0.250	1.250
EV/EBITDA Adj	9.4	7.9	6.1	5.4	4.7
EV/EBIT Adj	11.1	9.3	7.2	6.2	5.4
P/E Adj	14.8	14.9	13.9	12.3	11.4
Div. Yield	2.2%	2.5%	2.6%	2.8%	14.0%
Net Debt/EBITDA Adj	-0.6	-1.2	-1.9	-2.0	-2.2

