Milan, 14 February 2025

Italian Equity Research – FY24 Results

ELICA

NEUTRAL

Sector: Consumers

Price: Eu1.61 - **Target: Eu1.80**

Investing for Future Growth, Embracing Short-Term Challenges

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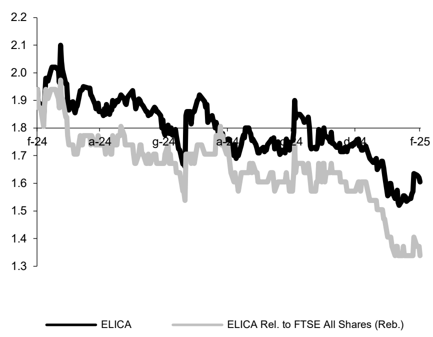
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 1.90 to 1.80
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-61.9%	-58.4%	

ELICA - 12M Performance



Stock Data			
Reuters code:			ELC.MI
Bloomberg code:			ELC IM
Performance	**1M**	**3M**	**12M**
Absolute	3.2%	-10.8%	-17.3%
Relative	-5.6%	-23.0%	-38.1%
12M (H/L)			2.10/1.52
3M Average Volume (th):			19.47

Shareholder Data	
No. of Ord shares (mn):	63
Total no. of shares (mn):	63
Mkt Cap Ord (Eu mn):	102
Total Mkt Cap (Eu mn):	102
Mkt Float - Ord (Eu mn):	28
Mkt Float (in %):	27.2%
Main Shareholder:	
F.A.N. (Casoli family)	52.8%

Balance Sheet Data	
Book Value (Eu mn):	149
BVPS (Eu):	2.35
P/BV:	0.7
Net Financial Position (Eu mn):	-56
Enterprise Value (Eu mn):	168

- **Turnover and cash in line, but profitability soft:** in 4Q the company reported revenues of €110.5mn (-2.2% YoY), slightly surpassing expectations, primarily due to a stronger-than-anticipated performance of its Own Brands, which grew 2.1% YoY instead of the forecast 4.5% decline, more than offsetting the declines in the OEM (de-stocking by some clients mentioned) and Motors segments. Adjusted EBIT came in below estimates at €0.7mn vs. €2.5mn expected, with a sharper-than-anticipated margin decline of approximately 3.7pp, compared to the projected 2pp. This was driven by the same trends that affected the previous quarters (particularly a less favourable price/mix) coupled with the intensification of investments aimed at supporting the launch of new products (i.e. marketing, commercials). Despite this, reported net income was stronger than expected at €1.6mn, as the figure benefitted from the recognition of the Patent Box relative to the last 4 years (~€3mn). Finally, net debt stood at €46.8mn, marginally better than anticipated thanks largely to the work done on NWC management, with an Eu8mn reduction in inventories in 4Q alone.
- **2025 presents challenges but lays the foundation for the rebound:** Elica anticipates a flat market YoY in FY25, with the possibility of a recovery in the second half. In this context, management expects that, thanks to new products and new client volumes, it may increase vs. 2024, even if a persisting negative price/mix due to competition is likely to almost compensate for this increase**,** leading to 2025 turnover and margins that are broadly in line with 2024. On a more positive note, Elica aims to enhance its financial position by optimising working capital, thus confirming its solid financial position, well below covenants and offering some space for "sustainable" M&A (priorities remain new geographical markets and completion of the product offering).
- **Medium-term targets reaffirmed:** the company's strategic direction continues to be centred on medium-term priorities, including its ambitious transformation plan in the cooking segment, direct distribution expansion in key markets (NA and EU), increasing market share in the Motors and OEM segment, all of which while ensuring financial sustainability over time. As a result, despite operating in a flat market, the company reaffirmed its medium-to-long-term outlook, targeting organic revenues in excess of €500mn, an adjusted EBIT margin above 6%, and leverage below 0.5x.
- **Estimates:** We are broadly confirming our revenue and margin growth assumptions, but starting from a lower baseline this translates into a ~29% cut in our adj. EBIT estimate for 2025-26. Despite the cut in P&L estimates, we are slightly improving our cash generation forecast to incorporate a lower NWC impact.
- **NEUTRAL; target Eu1.80.** We remain confident that the measures taken by management will bear fruit as soon as demand starts to recover, with the downside being limited in our view by a financial position that does not provide any particular causes for concern. Downside risk to consensus estimates appears limited after this round of revision. In light of the new estimates, we are trimming our DCF-based target price, from Eu1.90 to Eu1.80, confirming our NEUTRAL recommendation.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	473	452	454	470	488
EBITDA Adj (Eu mn)	48	31	32	36	41
Net Profit Adj (Eu mn)	12	1	1	3	7
EPS New Adj (Eu)	0.188	0.019	0.013	0.047	0.114
EPS Old Adj (Eu)	0.188	0.033	0.033	0.112	
DPS (Eu)	0.050	0.040	0.020	0.050	0.000
EV/EBITDA Adj	4.7	6.0	5.3	4.5	3.9
EV/EBIT Adj	9.3	23.2	20.3	12.9	8.6
P/E Adj	8.5	84.4	nm	34.4	14.1
Div. Yield	3.1%	2.5%	1.2%	3.1%	0.0%
Net Debt/EBITDA Adj	1.1	1.9	1.8	1.4	1.2

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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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMIB40 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:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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