

ELICA

Sector: Consumers

NEUTRAL

Price: Eu1.39 - Target: Eu1.75

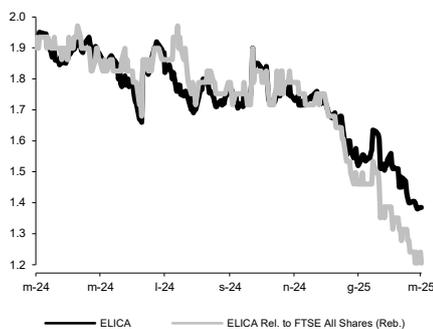
Assessing Long-Term Potential of Ongoing Transformation

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 1.80 to 1.75		
	2025E	2026E	2027E
Chg in Adj EPS	n.m.	-37.6%	-32.6%

ELICA - 12M Performance



Stock Data

Reuters code: ELC.MI
 Bloomberg code: ELC IM

Performance	1M	3M	12M
Absolute	-8.9%	-20.2%	-28.4%
Relative	-10.5%	-36.1%	-41.5%
12M (H/L)	1.95/1.38		
3M Average Volume (th):	23.97		

Shareholder Data

No. of Ord shares (mn):	63
Total no. of shares (mn):	63
Mkt Cap Ord (Eu mn):	88
Total Mkt Cap (Eu mn):	88
Mkt Float - Ord (Eu mn):	24
Mkt Float (in %):	27.2%
Main Shareholder:	
F.A.N. (Casoli family)	52.8%

Balance Sheet Data

Book Value (Eu mn):	147
BVPS (Eu):	2.33
P/BV:	0.6
Net Financial Position (Eu mn):	-57
Enterprise Value (Eu mn):	155

In depth analysis of roadmap to 2030: in this note, we enhance our analysis of the company's prospects by introducing explicit estimates through to 2030. This approach allows us to assess the company's potential profile once its "cooking transformation plan", set to continue throughout 2025 and 2026, begins to yield results from 2027. Our analysis does not currently factor in any potential tailwinds from market dynamics, given the limited visibility at this stage. Instead, it is based solely on the expected contribution from the strategic management initiatives launched in 2024, including product range expansion, strengthening direct distribution channels, and entry into new market segments. If the strategy proves successful, we believe the company could largely achieve the medium-term targets outlined in recent market presentations by 2030. This would imply revenue exceeding €500mn and an adj. EBIT margin of c.6% while maintaining financial leverage under control throughout the period, achieving a net debt/EBITDA ratio below 1.0x by 2028 thanks to a FCF of Eu13mn on average in 2025-2028 (10% yield at current price).

23.8% EBIT CAGR expected in 2024-2030: over the 2024-2030 period, we expect total group revenue to grow at a 2.9% CAGR, driven by a 2.3% CAGR in Cooking and 4.8% in Motors, with the latter increasing its revenue contribution from 22% to 25% by 2030. Adjusted EBIT is projected to bottom out in 2025 due to potential tariffs and high marketing expenses but should improve significantly thereafter, reaching a 5.5% margin by 2030, supported by new product launches, a better sales mix, and cost efficiencies. This results in a robust 23.8% EBIT CAGR, well above revenue growth. Adjusted net profit is expected to grow at an impressive 54.9% CAGR. Meanwhile, net debt should remain stable in the early years and gradually come down from 2027, approaching zero (ex-IFRS 16) by 2030.

Change to estimates: while we are keeping our revenue growth projections largely unchanged, we are revising adj. EBIT estimates to factor in the potential impact of a likely 25% tariff on goods imported into the U.S. from Mexico, where Elica operates its production site for the region (see the chapter in the Appendix for further details). Additionally, we are raising our marketing expenses forecast, particularly for 2025 and 2026, as they will play a key role in supporting the "transformation phase" of the Cooking business. However, despite the downward revision in operating profit expectations, our cash flow projections remain largely intact. This is due to the company's prudent working capital management, which should allow it to keep leverage fully under control, fund necessary investments, and potentially seize M&A opportunities that may arise.

NEUTRAL; target Eu1.75: we remain confident that the measures taken by management will bear fruit as soon as markets stabilise, with the downside being limited in our view by a financial position that does not provide any particular cause for concern. After the latest round of revisions, there does not appear to be much remaining downside risk to consensus estimates. In light of the new estimates, we are trimming our DCF-based target price from Eu1.80 to Eu1.75, confirming our NEUTRAL recommendation.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	473	452	453	471	488
EBITDA Adj (Eu mn)	48	31	28	36	40
Net Profit Adj (Eu mn)	12	1	-3	2	5
EPS New Adj (Eu)	0.188	0.019	-0.048	0.029	0.077
EPS Old Adj (Eu)	0.188	0.019	0.013	0.047	0.114
DPS (Eu)	0.050	0.040	0.000	0.010	0.025
EV/EBITDA Adj	4.7	6.0	5.5	4.3	3.7
EV/EBIT Adj	9.3	23.2	34.7	14.1	9.7
P/E Adj	7.4	72.8	nm	47.5	18.1
Div. Yield	3.6%	2.9%	0.0%	0.7%	1.8%
Net Debt/EBITDA Adj	1.1	1.9	2.0	1.5	1.2

