

EMAK

Sector: Industrials

OUTPERFORM

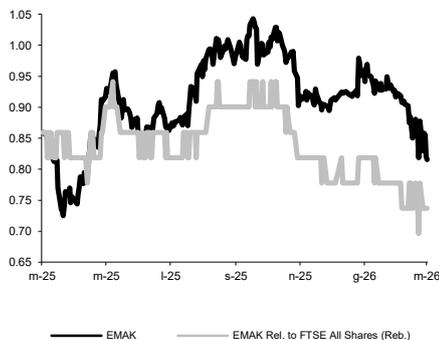
Price: Eu0.82 - Target: Eu1.60

4Q Earnings Beat Estimates, De-leveraging Continues

Carlo Maritano +39-02-77115.358
carlo.maritano@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2026E	2027E	2028E
Chg in Adj EPS	0.9%	0.2%	

EMAK - 12M Performance



Stock Data			
Reuters code:	EM.MI		
Bloomberg code:	EM IM		
Performance	1M	3M	12M
Absolute	-11.6%	-10.5%	-5.1%
Relative	-3.1%	-5.4%	-13.7%
12M (H/L)	1.04/0.72		
3M Average Volume (th):	33.33		

Shareholder Data	
No. of Ord shares (mn):	164
Total no. of shares (mn):	164
Mkt Cap Ord (Eu mn):	133
Total Mkt Cap (Eu mn):	133
Mkt Float - Ord (Eu mn):	41
Mkt Float (in %):	31.1%
Main Shareholder:	
YAMA	68.9%

Balance Sheet Data	
Book Value (Eu mn):	293
BVPS (Eu):	1.82
P/BV:	0.4
Net Financial Position (Eu mn):	-175
Enterprise Value (Eu mn):	312

■ **4Q25 results above estimates:** Emak reported 4Q25 results that were above our expectations for profitability and cash generation, despite revenues coming in slightly below forecasts. Net revenues amounted to €117.6mn (-7.9% YoY), around 3.1% below our estimate, mainly reflecting a decline in the OPE division (-13.7% YoY) in a seasonally weak quarter and against a particularly challenging comparison base (4Q24 +16.6%). The Pumps division proved more resilient (-1.5% YoY), although it was still affected by weakness in the cleaning vertical, which also hit the Components business (-10.9%). Adjusted EBITDA came in at €3.5mn, above our €3.0mn estimate, with a margin of 2.9% (+0.5pp vs. our 2.4% forecast). The outperformance was mainly driven by a stronger contribution from the Pumps and Water Jetting division, where some segments, particularly agriculture, are showing early signs of recovery, while the cleaning segment remains weak. Below the operating line, net results were affected by higher ForEx losses and financial charges, leading to a net loss of €7.5mn (vs. €6.7mn expected), albeit an improvement from the €7.7mn loss reported last year. The most encouraging element remains the improvement in cash generation. Net debt declined to €194mn (vs. €198mn expected), down €7mn QoQ, bringing leverage to 2.9x (vs. 3.0x expected) and therefore slightly below the 3x threshold. Finally, the Board of Directors proposed the distribution of a DPS of €0.03, corresponding to the payout of around 36% of group net income.

■ **Prudent stance entering 2026:** the company did not provide quantitative guidance for 2026, highlighting the increasing uncertainty and volatility of the global macro and geopolitical environment, which reduces visibility on the growth outlook of its end markets. Management is therefore taking a prudent approach to 2026, focusing on strengthening the financial structure, enhancing the group's competitive position in strategic markets and continuing to optimise costs and investments.

■ **Estimates fine-tuned:** we are adopting a more cautious stance on the top line, lowering our 2026 revenue growth assumption to +0.4% (vs. +3.0% previously) to reflect a more uncertain macro backdrop and a slower exit rate from 2025. At the same time, we are raising our profitability estimates, supported both by cost efficiencies and by a more favourable product mix (more Pumps&Water Jetting, less OPE). Finally, we now expect net debt/EBITDA to come down to around 2.4x by the end of 2026 (assuming no M&A), a level that would provide the group with greater financial flexibility. In terms of seasonality, we expect a slow start to the year, mainly due to a very demanding comparison base in 1Q26, especially in OPE, which grew by +22% in 1Q25. Comparisons should gradually become less challenging as the year progresses, potentially supporting a more favourable performance in the following quarters.

■ **OUTPERFORM; target €1.60 confirmed.** We appreciate the improvement in cash generation witnessed in the second part of 2025: in our view, this is the key catalyst that may drive a re-rating of stock multiples, which currently remain rather compressed (stock trading at 4.3x EV/EBITDA 2026 and 6.4x P/E). Our target price, calculated as the average of DCF and SOP valuations, remains unchanged at €1.60.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	602	612	615	630	646
EBITDA Adj (Eu mn)	62	68	73	77	79
Net Profit Adj (Eu mn)	9	17	21	25	27
EPS New Adj (Eu)	0.054	0.101	0.127	0.153	0.165
EPS Old Adj (Eu)	0.054	0.099	0.126	0.153	
DPS (Eu)	0.025	0.030	0.051	0.061	0.066
EV/EBITDA Adj	6.1	5.1	4.3	3.8	3.6
EV/EBIT Adj	14.8	9.9	7.9	6.6	6.1
P/E Adj	15.0	8.1	6.4	5.3	4.9
Div. Yield	3.1%	3.7%	6.2%	7.5%	8.1%
Net Debt/EBITDA Adj	3.4	2.9	2.4	2.1	1.8

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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:	32.58%
OUTPERFORM:	37.88%
NEUTRAL:	29.54%
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 (77 in total) is as follows:

BUY:	54.55%
OUTPERFORM:	27.27%
NEUTRAL:	16.88%
UNDERPERFORM:	01.30%
SELL:	00.00%

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