

# EMAK

Sector: Industrials

# OUTPERFORM

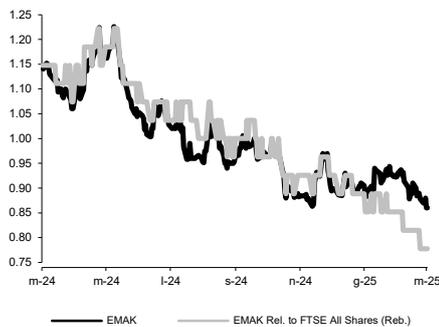
Price: Eu0.86 - Target: Eu1.45

## Strong Top-Line Performance with Profitability Set to Improve

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	-16.3%	-9.9%	

### EMAK - 12M Performance



Stock Data			
Reuters code:	EM.MI		
Bloomberg code:	EM IM		
Performance	1M	3M	12M
Absolute	-7.5%	-3.8%	-25.1%
Relative	-9.0%	-18.7%	-38.2%
12M (H/L)	1.23/0.86		
3M Average Volume (th):	72.42		

Shareholder Data	
No. of Ord shares (mn):	164
Total no. of shares (mn):	164
Mkt Cap Ord (Eu mn):	141
Total Mkt Cap (Eu mn):	141
Mkt Float - Ord (Eu mn):	49
Mkt Float (in %):	34.8%
Main Shareholder:	
YAMA	65.2%

Balance Sheet Data	
Book Value (Eu mn):	283
BVPS (Eu):	1.76
P/BV:	0.5
Net Financial Position (Eu mn):	-191
Enterprise Value (Eu mn):	336

■ **Good revenue trend and debt reduction, but lower profitability.** Revenues in 4Q amounted to €127.6mn, slightly exceeding our €125.7mn estimate, a figure that had already been disclosed in the preliminary results. However, adjusted EBITDA came in at €4.6mn, significantly below our €8.5mn projection. This shortfall was largely driven by weak margins at the Pumps division, where the EBITDA margin was 1.7%, compared to the expected 7.4%. The continued weakness in the Agricultural business, coupled to temporary inefficiencies arising from the ongoing reorganisation of the division's main production sites and the implementation of the new ERP, weighed heavily on performance. In addition, personnel costs rose sharply due to a considerable reliance on temporary staff in order to cope with higher production volumes. On the bottom line, Emak reported a €7.7mn loss, substantially higher than our €2.0mn estimate, primarily due to the lower-than-expected EBITDA and a €4.4mn goodwill impairment. Excluding this impairment, the difference between the reported net loss and our estimate would have been much narrower at around €1mn. Despite these operational challenges, net debt remained as expected, down c. €5mn QoQ to close at €210mn.

■ **Margins seen recovering in 2025.** Although 2024 proved challenging in terms of profitability for a number of reasons (amongst which, rising operating and labour costs, currency fluctuations, and broader macroeconomic uncertainties), the Group's strategic focus on market needs and the efficiency measures already implemented provide confidence on a gradual recovery of profitability starting in 2025. This outlook is further supported by the expected returns on investments made in recent years. Based on order intake and performance trends recorded in the early months of the year, revenue is projected to grow further, with a positive impact on profitability. Management remains committed to sustainable growth and long-term value creation for shareholders, leveraging new market opportunities and optimizing available resources.

■ **Estimates.** While keeping our revenue forecast unchanged for 2025 (we estimate 4.0% top-line growth), we are taking a more conservative approach on margins, reflecting the trends that emerged from 2024 results, notably the increase in costs for personnel (even if we see some improvements due to lower utilization of temporary staff) and logistics. On a more positive note, we see room for a normalization of NWC levels, enough to help net debt decrease by c.€20mn in 2025, thus lowering net financial leverage by 0.6x (to 2.8x or 2.6x excluding the IFRS16 effect).

■ **OUTPERFORM confirmed; target €1.45.** The 4Q results have once again confirmed the good performance in terms of revenue growth despite a not particularly brilliant reference market. A continuation of this trend in the next quarters, combined with a recovery in profitability and an increased focus on deleverage will be key to lead to a re-rating of the multiples, which currently remain rather compressed (the stock is trading at 4.9x EV/EBITDA 2025 and 9.1x PE). Our target price remains unchanged at Eu1.45 as the estimate cut is neutralized by the rollover of our valuation model, the average between a SOP and a DCF (basic assumptions unchanged).

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	566	602	626	651	671
EBITDA Adj (Eu mn)	68	62	68	74	80
Net Profit Adj (Eu mn)	19	6	15	20	26
EPS New Adj (Eu)	0.118	0.038	0.094	0.125	0.158
EPS Old Adj (Eu)	0.118	0.073	0.112	0.138	
DPS (Eu)	0.045	0.025	0.038	0.050	0.063
EV/EBITDA Adj	5.5	6.1	4.9	4.4	3.9
EV/EBIT Adj	9.6	14.8	9.7	8.0	6.7
P/E Adj	7.3	22.8	9.1	6.9	5.5
Div. Yield	5.2%	2.9%	4.4%	5.8%	7.3%
Net Debt/EBITDA Adj	2.8	3.4	2.8	2.4	2.1

