

EMAK

Sector: Industrials

OUTPERFORM

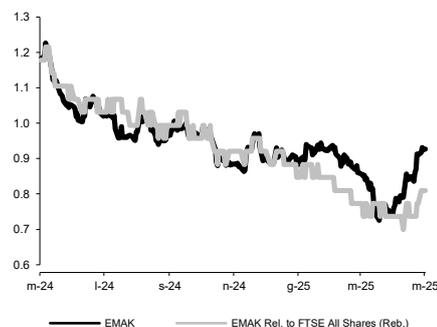
Price: Eu0.93 - Target: Eu1.45

Solid Start to the Year. 2025 Estimates Now More Visible

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

EMAK - 12M Performance



Stock Data			
Reuters code:	EM.MI		
Bloomberg code:	EM IM		
Performance	1M	3M	12M
Absolute	22.0%	-0.3%	-21.3%
Relative	13.5%	-3.3%	-35.7%
12M (H/L)	1.23/0.72		
3M Average Volume (th):	119.69		

Shareholder Data	
No. of Ord shares (mn):	164
Total no. of shares (mn):	164
Mkt Cap Ord (Eu mn):	152
Total Mkt Cap (Eu mn):	152
Mkt Float - Ord (Eu mn):	47
Mkt Float (in %):	31.1%
Main Shareholder:	
YAMA	68.9%

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):	347

- Solid start to the year:** 1Q25 results came in ahead of expectations, largely thanks to the particularly strong performance of the Outdoor Power Equipment segment. Revenues reached €192.3mn, marking a 13.1% YoY increase and surpassing the projected €185.5mn by 3.7%. This outperformance was primarily driven by the OPE business, which posted 22% growth, well above the 16% anticipated. The Pumps and Components & Accessories divisions also delivered better-than-expected results, with YoY increases of 6.7% and 11.3% respectively, though these figures were only slightly above estimates. Adjusted EBITDA stood at €26.5mn, exceeding the forecast of €25mn by 6%. This translated into a roughly one-percentage-point improvement in the EBITDA margin compared to the same period last year, benefiting from operating leverage as volumes increased. At the bottom line, net profit came in at €11mn, 13% above expectations of €9.7mn and representing a €3.4mn YoY improvement. Meanwhile, net debt totaled €242mn, broadly in line with expectations. The €32mn QoQ increase in debt reflects typical seasonal patterns, with first-quarter working capital absorption expected to be offset by stronger cash generation during the remainder of the year.
- Outlook remains sound:** looking ahead, management expects the growth trajectory to continue over the coming months, albeit at a slower pace than earlier in the year. This forecast is supported by a healthy order backlog and ongoing actions to strengthen the Group's market position and deliver on strategic objectives. Given continued global uncertainties, particularly geopolitical tensions that could impact raw material costs and interest rates, management remains committed to a prudent and flexible approach, focused on sustainable growth and long-term value creation.
- Estimates confirmed at this stage:** Although a good start to the year had been anticipated by management along with 2024 results, the actual numbers were higher than expected, which is why our current estimates for 2025 foresee only limited growth for the remaining 9 months of the year (around 0.4% YoY). At this point in the year, with a comparison base that will gradually become tougher as the quarters progress, we confirm our estimates for the year, aware of the fact that if 2Q were to grow more than 2-3% there would be the possibility of an increase in estimates. We also confirm our net debt estimates, with cash generation expected to become visible from 2Q.
- OUTPERFORM confirmed; target €1.45.** 1Q results once again confirmed the good revenue growth performance, but this time combined with the long-awaited improvement in profitability. A continuation of this trend in the coming quarters, coupled with an improvement in cash generation, will be key to driving a re-rating of stock multiples, which currently remain rather compressed (the stock is trading at 5.1x EV/EBITDA 2025 and 9.8x PE). Our target price, the outcome of a DCF and a SOP, remains unchanged at Eu1.45 following the confirmation of estimates.

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	9	15	20	26
EPS New Adj (Eu)	0.118	0.054	0.094	0.125	0.158
EPS Old Adj (Eu)	0.118	0.038	0.094	0.125	0.158
DPS (Eu)	0.045	0.025	0.038	0.050	0.063
EV/EBITDA Adj	5.5	6.1	5.1	4.5	4.1
EV/EBIT Adj	9.6	14.8	10.1	8.3	6.9
P/E Adj	7.8	17.1	9.8	7.4	5.9
Div. Yield	4.9%	2.7%	4.1%	5.4%	6.8%
Net Debt/EBITDA Adj	2.8	3.4	2.8	2.4	2.1

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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 S&P500 Index, most of those on the MIBEX 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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As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

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BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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