ESPRINET

BUY

Sector: Consumers

Price: Eu5.24 - **Target: Eu6.70**

Better Visibility Ahead, Guidance Reaffirmed at High End

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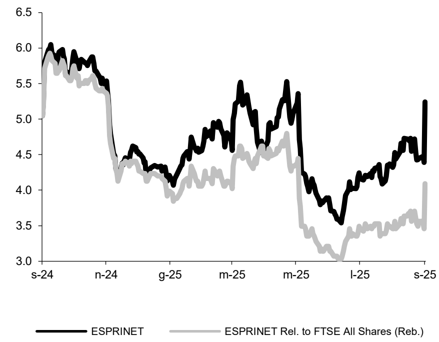
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 6.30 to 6.70
	2025E	**2026E**	**2027E**
Chg in Adj EPS	17.8%	7.1%	2.7%

Next Event
3Q Results Out on Nov 13th

ESPRINET - 12M Performance



Stock Data			
Reuters code:			PRT.MI
Bloomberg code:			PRT IM
Performance	**1M**	**3M**	**12M**
Absolute	21.3%	34.7%	3.9%
Relative	19.3%	29.2%	-23.8%
12M (H/L)			6.05/3.54
3M Average Volume (th):			234.75

Shareholder Data	
No. of Ord shares (mn):	50
Total no. of shares (mn):	50
Mkt Cap Ord (Eu mn):	264
Total Mkt Cap (Eu mn):	264
Mkt Float - Ord (Eu mn):	139
Mkt Float (in %):	52.7%
Main Shareholder:	
Shareholder Agreement	25.2%

Balance Sheet Data	
Book Value (Eu mn):	394
BVPS (Eu):	8.05
P/BV:	0.7
Net Financial Position (Eu mn):	-81
Enterprise Value (Eu mn):	342

2Q results were above expectations, but, more importantly, they highlight a significant improvement of outlook compared to what was perceived at the time of 1Q reporting. The more encouraging indications prompt us to revise our estimates upward (EPS up by an average of 9% over the next three years), positioning our EBITDA forecast close to the upper end of the guidance range and fully aligned with the positive indications provided by management. We reiterate our positive view and raise our TP to €6.70 (from €6.30) following the revision of estimates.

- **2Q results beat expectations, reflecting a significant quarterly improvement**. Sales were €969mn (+5% YoY), slightly ahead of our €951mn, highlighting further rising performances in the value-added segments, with Solutions up 16% , along with a solid increase for the recently launched green tech division Zeliatech, up +30%, and a resilient performance by the Screens division (+4%). The negative market stance continued for the Devices segment (down -6%), still suffering from softer demand. By geography, Italy was up slightly YoY to €605mn (+3%), while Spain (€320mn) and Portugal (€19mn) saw healthy growth. By customer type, B2C sales (retailer/e-tailer) were down -9%, whereas the B2B segment (IT reseller) saw a +8% increase, accelerating QoQ.
- **Better revenue mix and tight SG&A control drove improvement of margins.** Gross profit reached €56mn (+9% YoY), with a 5.83% margin, up 24bps YoY. All product lines posted positive growth, except devices (mainly TVs and white goods) and, to a lesser extent, the green tech division, reflecting more pronounced seasonality effects. EBITDA came in at €14mn (+38% YoY) with a 1.47% margin (vs. 1.12% in 2Q24). As management highlighted in the previous conference call, SG&A normalized compared to 1Q, when higher advertising expenses and a modest increase in variable costs weighed on profitability.
- **Net debt at €327mn,** c. €10mn above the 1Q figure due to a slight improvement in OpWC (down +€30mn QoQ), and the dividend payment of €20mn. Cash conversion cycle at 29 days, increasing YoY and QoQ. ROCE (calculated on average capital employed over the last four quarters) at 6.6%, down vs. 6.4% in 1Q. Factoring programmes were almost flattish YoY and slightly below the 1Q25 figure.
- **Positive outlook; FY guidance confirmed, with management confident of achieving the high end.** Management confirmed FY EBITDA guidance and expressed optimism on achieving the upper end of the range. Current trading was encouraging, with revenues in July and August for the Iberian subsidiary growing double-digit, while Italy recorded mid-single-digit growth; positive indications also on the trend observed in the first weeks of September. During the call, management said the focus in 2H would be on rationalizing the devices segment with the aim of shifting the offering toward higher-margin categories and improving WC dynamics.
- **Change in estimates.** Considering the good set of 2Q results, the positive outlook, the confirmation of guidance, and management optimism on achieving the top end of the range, we raise our FY25 estimates by 4% for EBITDA and 18% for the bottom line, including the positive impact of the FX gain in 1H. For FY26/27, we confirm our revenue growth assumptions, while increasing profitability to factor in better cost control. Overall, we increase our EPS FY25/27 by 9% on average.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	3,985	4,142	4,315	4,452	4,575
EBITDA Adj (Eu mn)	64	70	70	77	82
Net Profit Adj (Eu mn)	24	22	23	25	29
EPS New Adj (Eu)	0.489	0.430	0.451	0.501	0.577
EPS Old Adj (Eu)	0.489	0.430	0.383	0.468	0.562
DPS (Eu)	0.000	0.400	0.323	0.333	0.354
EV/EBITDA Adj	4.6	4.2	4.9	4.2	3.6
EV/EBIT Adj	6.7	6.3	7.5	6.3	5.3
P/E Adj	10.7	12.2	11.6	10.5	9.1
Div. Yield	0.0%	7.6%	6.2%	6.4%	6.8%
Net Debt/EBITDA Adj	-0.2	0.5	1.1	0.7	0.4

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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:	30.60%
OUTPERFORM:	38.06%
NEUTRAL:	31.34%
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 (78 in total) is as follows:

BUY:	48.72%
OUTPERFORM:	30.77%
NEUTRAL:	20.51%
UNDERPERFORM:	00.00%
SELL:	00.00%

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