Milan, 13 March 2025

Italian Equity Research – 4Q24 Results

ESPRINET

BUY

Sector: Consumers

Price: Eu4.99 - **Target: Eu6.80**

Stronger Margins Drive Solid 4Q. Positive 2025 Outlook

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4Q results highlighted solid margin improvement, allowing the company to achieve the upper end of its FY EBITDA guidance range, despite a soft start to the year due to a slowdown in the consumer business. This was supported by an improved revenue mix toward value-added services, and a favourable market environment for resilient, energy-efficient infrastructure. With a positive outlook and a comparatively easy baseline in the first two quarters of 2025, we broadly reaffirm our growth and margin expectations on FY25/26 and maintain our positive stance on the stock. BUY rating and DCF-based target price of €6.80 per share (WACC 9%, PGR 2%) confirmed.

- **Good set of 4Q results.** PRT's 4Q revenues were €1.36bn (+10% YoY), in line with estimates (€1.38bn). Domestic sales reached €0.8bn (+4% YoY), while Spain grew strongly (+22% YoY, €0.51bn). Retailers & e-tailers (B2C) led growth (+20% YoY), outperforming IT resellers (B2B, +6% YoY). The gross margin improved (5.58% vs. 5.35%), supported by a better mix, with a higher contribution from V-Valley and a strong performance from Zeliatech. Adj. EBITDA rose to €33.2mn (+21% YoY), a 2.44% margin (vs. 2.22%), benefiting from a better gross margin & SG&A control. FY EBITDA was €69.5mn (1.68% margin), near the upper end of guidance (€66-71mn). Net debt fell to €36mn (from €344mn in 3Q), supported by better NWC management and greater use of factoring. Cash conversion was 22 days, stable vs. previous quarters. ROCE at 8.3% (vs. 6.9%). DPS at €0.40 (90% payout) above est.
- **Call highlights.** The conference call primarily focused on the new business structure, highlighting Zeliatech as a standalone division. Zeliatech plays a key role in the distribution of renewable energy and energy efficiency technologies, with management seeing strong growth opportunities, both organically and through M&A, as PRT explores expansion across Europe. For the Esprinet division (Screens & Devices), the strategy remains focused on a selective revenue approach and favourable WC management, with a key growth driver being the PC renewal cycle fuelled by AI innovation and end-of-life for Windows 10. V-Valley (Solution & Services) continues its strong growth trajectory, supported by AI adoption and rising cybersecurity demand. Overall, the outlook remains positive, with management targeting another year of profitable growth, maintaining a strong focus on working capital management and improving ROCE. As per usual practice, PRT will publish its FY EBITDA guidance alongside 1Q results.
- **Change in estimates.** We are making minor adjustments to our estimates: revenue projections remain largely unchanged, with only a slight ~1.5% reduction on average. However, we expect an improved revenue mix and reduced reliance on factoring/securitisation, boosting the gross margin. For EBITDA, we are including a modest increase in SG&A expenses due to higher labour costs associated with collective bargaining agreements. Below EBITDA, we are raising our D&A estimates to reflect the RoU costs for the newly opened Italian warehouse in Tortona, resulting in a mid-single-digit revision to earnings. In terms of cash flow, we expect PRT to continue its strategy of reducing inventory days and maintaining positive cash generation.

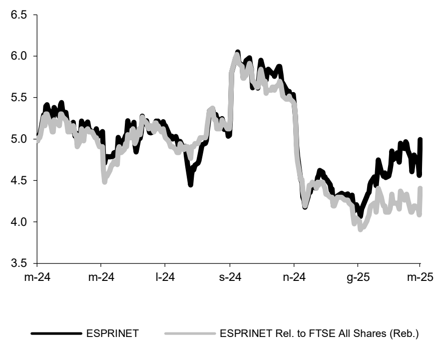
Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	3,985	4,142	4,286	4,427	4,549
EBITDA Adj (Eu mn)	64	70	74	81	87
Net Profit Adj (Eu mn)	24	22	27	31	35
EPS New Adj (Eu)	0.489	0.430	0.536	0.611	0.692
EPS Old Adj (Eu)	0.489	0.472	0.569	0.650	
DPS (Eu)	0.000	0.400	0.384	0.407	0.425
EV/EBITDA Adj	4.6	4.2	3.4	3.0	2.7
EV/EBIT Adj	6.7	6.3	5.1	4.4	3.9
P/E Adj	10.2	11.6	9.3	8.2	7.2
Div. Yield	0.0%	8.0%	7.7%	8.1%	8.5%
Net Debt/EBITDA Adj	-0.2	0.5	0.1	-0.1	-0.1

Stock Rating

Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-5.8%	-5.9%	

Next Event
1Q25 Results Out on May 13th

ESPRINET - 12M Performance



Stock Data

Reuters code:			PRT.MI
Bloomberg code:			PRT IM
Performance	**1M**	**3M**	**12M**
Absolute	6.4%	10.8%	0.2%
Relative	4.5%	1.5%	-12.7%
12M (H/L)			6.05/4.07
3M Average Volume (th):			153.79

Shareholder Data

No. of Ord shares (mn):	50
Total no. of shares (mn):	50
Mkt Cap Ord (Eu mn):	252
Total Mkt Cap (Eu mn):	252
Mkt Float - Ord (Eu mn):	133
Mkt Float (in %):	52.7%
Main Shareholder:	
Shareholder Agreement	25.2%

Balance Sheet Data

Book Value (Eu mn):	398
BVPS (Eu):	8.14
P/BV:	0.6
Net Financial Position (Eu mn):	-7
Enterprise Value (Eu mn):	256

Intermonte

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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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMIB40 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.

Explanation of our ratings system:

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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 December 2024 Intermonte's Research Department covered 132 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	30.60 %
OUTPERFORM:	43.28 %
NEUTRAL:	26.12 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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