Intermonte

Milan, 15 May 2025

Italian Equity Research – 1Q25 Results

ESPRINET

BUY

Sector: Consumers

Price: Eu4.71 - **Target: Eu6.30**

Cautious Guidance to Account for a More Volatile Market

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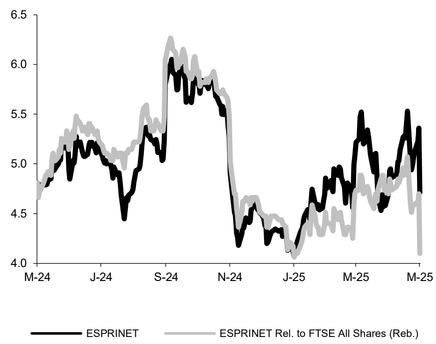
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 6.80 to 6.30
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-28.5%	-23.4%	-18.9%

Next Event

2Q Results Out on Sep 11th

ESPRINET - 12M Performance



Stock Data			
Reuters code:			PRT.MI
Bloomberg code:			PRT IM
Performance	**1M**	**3M**	**12M**
Absolute	0.3%	-0.9%	-2.1%
Relative	-14.8%	-7.1%	-16.5%
12M (H/L)			6.05/4.07
3M Average Volume (th):			208.53

Shareholder Data	
No. of Ord shares (mn):	50
Total no. of shares (mn):	50
Mkt Cap Ord (Eu mn):	237
Total Mkt Cap (Eu mn):	237
Mkt Float - Ord (Eu mn):	125
Mkt Float (in %):	52.7%
Main Shareholder:	
Shareholder Agreement	25.2%

Balance Sheet Data	
Book Value (Eu mn):	390
BVPS (Eu):	7.98
P/BV:	0.6
Net Financial Position (Eu mn):	-26
Enterprise Value (Eu mn):	262

- **Sales growing 2-digit in Spain, Italy almost stable YoY.** Sales were €962mn (+4% YoY), in line with our €965mn, highlighting further increasing performances in the value-added segments, with Solutions and Services up +14% and +24% respectively, along with a solid increase for the recently launched green tech division Zeliatech, up +16%. As regards longer-standing PRT divisions, Screens recorded positive growth (+3%), while Devices was down YoY (-6%), still suffering from softer demand. By geography, Italy was stable YoY at €617mn, while Spain (€307mn) and Portugal (€11mn) increased double-digit. By customer type, B2C sales (retailer/e-tailer) were up +6%, whereas the B2B segment (IT reseller) saw a slightly lower +3% increase.
- **Higher SG&A affected EBITDA margin.** Gross profit was Eu54mn (+2% YoY), with the margin at 5.65%, down 9bps YoY, with all product lines showing a positive growth trend, the only exception being devices (mostly TVs and white goods). Adj. EBITDA was Eu11mn (-24% YoY) and the margin at 1.13%, (1.55% in 1Q24), with SG&A recording a sharp increase due to higher personnel costs, raising advertising for own-brand products and a modest rise in variable costs.
- **Net debt at €337mn,** c. €300mn above the figure as at year-end, resulting from greater seasonal incidence of WC (up ~€150mn YoY). Cash conversion cycle 24 days vs. 22, a figure that was stable in the previous three quarters. ROCE (calculated on average capital employed over the last four quarters) at 6.4%, down vs. 8.3% in 4Q24. Factoring programmes were down €53mn to €376mn from €430mn in 4Q24.
- **Cautious guidance on FY25 EBITDA.** The Group has confirmed its intention to redesign processes in the Screens and Devices segments with further focus on improving WC dynamics and optimizing the cost structure. In the V-Valley segment, the Group plans to maintain its focus on expanding distribution agreements and increasing market share, including targeted acquisitions in both existing and new geographical areas. Zeliatech continues its rapid growth by capitalizing on market opportunities and exploring further expansion potential. However, while current market trends are positive, the outlook remains uncertain, with possible outcomes ranging from a strong recovery to a more challenging scenario marked by persistent inflation and volatility. In this context, the group has released cautious guidance on FY25 EBITDA in the €63mn-71mn range (compared to €69.5mn achieved in FY24)
- **Change in estimates.** We are reducing our estimates for FY25 to slightly above the midpoint of the guidance, implementing a similar revision to our FY26-27 estimates, while keeping our forecasts on cash-flow almost unchanged.
- **Valuation:** While the new guidance came in below our / consensus estimates, we believe it reflects a high level of prudence in light of the heightened market volatility, which is causing sharp month-to-month swings and limiting visibility. Preliminary data from April and early May point to encouraging growth, with PRT outperforming the market. We continue to see PRT as well positioned to capture market share in the low-volume, high-margin solutions segment—which contributed 60% of FY24 EBITDA—with additional upside from potential M&A. Despite adjusting our estimates, we maintain a positive view and slightly trim our DCF-based target price to €6.30 (WACC 9.4%, ERP 6%).

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	68	74	80
Net Profit Adj (Eu mn)	24	22	19	23	28
EPS New Adj (Eu)	0.489	0.430	0.383	0.468	0.562
EPS Old Adj (Eu)	0.489	0.430	0.536	0.611	0.692
DPS (Eu)	0.000	0.400	0.274	0.311	0.345
EV/EBITDA Adj	4.6	4.2	3.9	3.4	2.9
EV/EBIT Adj	6.7	6.3	6.2	5.3	4.5
P/E Adj	9.6	11.0	12.3	10.1	8.4
Div. Yield	0.0%	8.5%	5.8%	6.6%	7.3%
Net Debt/EBITDA Adj	-0.2	0.5	0.4	0.2	0.0

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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 March 2025 Intermonte's Research Department covered 131 companies.

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 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

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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Further information is available