Milan, 15 April 2025

**Italian Equity Research – FY24 Results**

# GPI

# OUTPERFORM

*Sector: Industrials*

Price: Eu8.91 - **Target: Eu14.00**

## A Strong End to the Year; Positive Outlook for FY25


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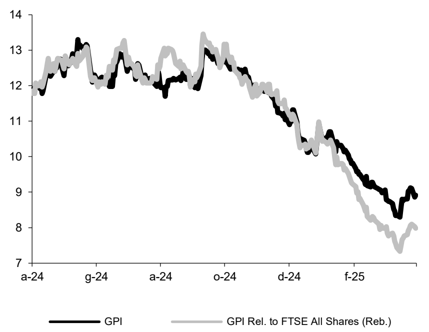
| Stock Rating | | | |
|---|---|---|---|
| **Rating:** | | | Unchanged |
| **Target Price (Eu):** | | | Unchanged |
| | **2025E** | **2026E** | **2027E** |
| **Chg in Adj EPS** | 0.2% | 0.2% | |

**Next Event**

1H25 Results Out 29th of September

**GPI - 12M Performance**




| Stock Data | | | |
|---|---|---|---|
| Reuters code: | | | GPI.MI |
| Bloomberg code: | | | GPI IM |
| **Performance** | **1M** | **3M** | **12M** |
| Absolute | -0.8% | -18.6% | -26.5% |
| Relative | -0.4% | -30.6% | -36.8% |
| 12M (H/L) | | | 13.30/8.30 |
| 3M Average Volume (th): | | | 36.65 |

| Shareholder Data | |
|---|---|
| No. of Ord shares (mn): | 29 |
| Total no. of shares (mn): | 29 |
| Mkt Cap Ord (Eu mn): | 258 |
| Total Mkt Cap (Eu mn): | 258 |
| Mkt Float - Ord (Eu mn): | 87 |
| Mkt Float (in %): | 33.6% |
| Main Shareholder: | |
| FM Srl (F. Manzana, CEO) | 47.9% |

| Balance Sheet Data | |
|---|---|
| Book Value (Eu mn): | 312 |
| BVPS (Eu): | 10.71 |
| P/BV: | 0.8 |
| Net Financial Position (Eu mn): | -332 |
| Enterprise Value (Eu mn): | 589 |

**GPI closed FY24 with better-than-expected results across the board amid better performances at the *Other* and *Care* divisions, while *Software* grew strongly and in line with expectations. More importantly, outlook for FY25 suggests that growth is on track for BP targets and our forecast. Overall, results, outlook and the recent BP presentation fully support our investment case, with the company set to benefit from investments in the digitalization of healthcare. An improving performance on cash generation could be a positive catalyst for the shares. OUTPERFORM, TP and estimates confirmed.**

- **FY/2H24 results better.** GPI reported better-than-expected results for 2H24 thanks to better performances at the *Other* and *Care* divisions, while *Software* grew strongly and in line with forecast. Revenues were €274/510mn (exp. €266/503mn), +11/+18% YoY, amid stronger organic growth (+9/10% vs exp. +5/8%) and an on-target contribution from acquisitions (Evolucare). EBITDA was €64/105mn (exp. €61/102mn), +13/+31% YoY for a 23.5/20.6% margin. By division, *Software* (87% of EBITDA) grew strongly and in line with expectations, benefitting from CONSIP projects and the acquisition of Evolucare; *Care* (6% of EBITDA) declined less than expected; *Other* (7% of EBITDA) was well above forecast as the Automation business successfully recovered from a weak 1H plagued by regulatory delays. Net income closed at €12.5/15.3mn (exp. €10.5/13.5mn) following better EBITDA, lower net fin. exp. and minorities, only partly offset by higher D&A and tax rate. Net debt closed at €330mn (3.1x EBITDA) and compliant with financial covenants, vs €295mn in 1H24, but a touch better than assumed (€335mn) due to lower cash absorption from NWC. Ordinary DPS has been set at €0.50, stable vs last year for a 5.7% yield and an almost 100% payout.
- **2025 outlook: growth to be in line with BP targets.** Management expects 2025 to see growth of revenue and EBITDA compared to 2024. While precise figures have not been provided, the growth is expected to be in line with business plan targets that point to CAGRs of 6% and 8% respectively. In that sense, we note that our estimates are perfectly aligned to these targets. We expect growth to be driven by *Software* amid continuing market growth and the shift towards larger national players, and by the *Other* division thanks to Automation. *Care* should be roughly stable as GPI is essentially seeking to hold market share.
- **Feedback from the call.** i) Management reiterated the 2025-29 BP priorities, aiming to capitalise on its leadership in *Software* in Italy, grow abroad through the already successful software verticals, and increase efficiency by consolidating the product offering, by optimising the corporate structure, and by favouring higher margin projects in *Care* and *Automation*. We remind that we conservatively leave some upside compared to BP targets (2027 revenue/EBITDA targets of >€600/132mn vs our €577/125mn); ii) M&A on the Automation business (revenue/EBITDA €20/4mn) is not envisaged, but not ruled out; iii) the cyberdefence business (not quantified) is expected to grow strongly; iv) no direct exposure to U.S. tariffs.

| Key Figures & Ratios | 2023A | 2024A | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|
| Sales (Eu mn) | 433 | 510 | 539 | 562 | 577 |
| EBITDA Adj (Eu mn) | 80 | 105 | 115 | 121 | 125 |
| Net Profit Adj (Eu mn) | 5 | 15 | 18 | 27 | 31 |
| EPS New Adj (Eu) | 0.159 | 0.510 | 0.586 | 0.903 | 1.017 |
| EPS Old Adj (Eu) | 0.234 | 0.488 | 0.585 | 0.901 | |
| DPS (Eu) | 0.850 | 0.500 | 0.700 | 0.700 | 0.000 |
| EV/EBITDA Adj | 8.5 | 6.4 | 5.1 | 4.8 | 4.5 |
| EV/EBIT Adj | 26.6 | 18.1 | 12.7 | 10.6 | 9.2 |
| P/E Adj | 56.1 | 17.5 | 15.2 | 9.9 | 8.8 |
| Div. Yield | 9.5% | 5.6% | 7.9% | 7.9% | 0.0% |
| Net Debt/EBITDA Adj | 4.5 | 3.1 | 2.9 | 2.7 | 2.4 |

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 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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|---|---|---|



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