Milan, 14 October 2025

Italian Equity Research – Change in View/1H25 Results

GPI

NEUTRAL

Sector: Industrials

Price: Eu17.82 - **Target: Eu18.60**

Digitalisation Story Intact, but Limited Upside After M&A Fuelled Rally

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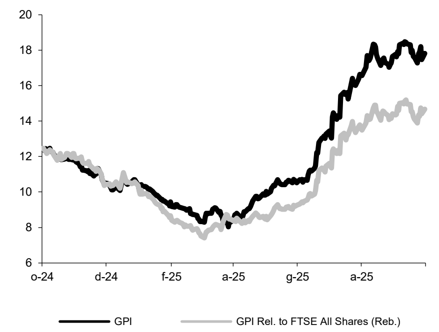
Stock Rating			
Rating:	from OUTPERFORM to NEUTRAL		
Target Price (Eu):	from 14.00 to 18.60		
	2025E	**2026E**	**2027E**
Chg in Adj EPS	9.8%	6.2%	6.1%

GPI - 12M Performance



Stock Data			
Reuters code:			GPI.MI
Bloomberg code:			GPI IM
Performance	**1M**	**3M**	**12M**
Absolute	1.0%	34.4%	43.2%
Relative	1.8%	29.3%	20.3%
12M (H/L)			18.48/8.04
3M Average Volume (th):			118.29

Shareholder Data	
No. of Ord shares (mn):	29
Total no. of shares (mn):	29
Mkt Cap Ord (Eu mn):	515
Total Mkt Cap (Eu mn):	515
Mkt Float - Ord (Eu mn):	173
Mkt Float (in %):	33.6%
Main Shareholder:	
FM Srl (F. Manzana, CEO)	47.9%

Balance Sheet Data	
Book Value (Eu mn):	306
BVPS (Eu):	10.52
P/BV:	1.7
Net Financial Position (Eu mn):	-355
Enterprise Value (Eu mn):	868

We are changing our rating on GPI to NEUTRAL (from Outperform) following the share price leap, which we think was largely driven by speculative takeover interest. We continue to appreciate the company's strategic positioning, which is set to benefit from the digitalization of healthcare, with an attractive long-term outlook, but note that its organic growth trajectory remains positive, but broadly unchanged vs previous reports. We increase our TP to €18.6 (from €14.0), mainly due to a 30% control premium (+€4.3) reflecting potential strategic value, while minor fundamental revisions add €0.3. The target has limited upside compared to the current price and implies a 67% premium to the pre-rumour price. In our view, the risk/reward profile is now more balanced, as the market already prices in a significant portion of the potential M&A optionality.

- **1H25 results: P&L better, net debt slightly worse.** Revenues were €258mn, +9% YoY, in line with expectations, with *Other* better (+18% YoY vs +0% exp., 8% of tot) and *Software* and *Care* a tad below (+13/-0% vs +14/+1% exp., 61/31%). EBITDA was €46.7mn, +15% YoY for a 18.1% margin vs a forecast of €44.8mn in light of stronger profitability at the *Software* division (27.3% vs 25.8% exp.). Net income was €3.7mn vs €0.5mn expected, benefiting from higher EBITDA and lower provisions on contract assets. However, net debt at €338mn was worse than expected (€316mn) due to higher CapEx, M&A, NWC trends, higher "Others," and dividends for minorities.
- **2025 outlook: growth to be in line with BP targets.** While precise guidance has not been provided, management expects growth to be in line with BP targets. GPI is aiming at >6/8% revenue/EBITDA 2024-27 CAGRs, and in light of a solid 1H we expect the year to close slightly above those figures (+7/+11%). As anticipated, growth and profitability will be driven by *Software* and *Other*, while *Care* should be roughly stable as the company is essentially holding on to market share.
- **Speculative appeal driving performance.** Since the press article on 18 June about a potential deal, GPI stock has surged by +67% from €10.7 to today's €17.8. Press rumours intensified in July until FM, the vehicle owned by the founding family and current CEO Fausto Manzana, confirmed the talks with "a number of leading investors to evaluate a potential strategic partnership, which may include a tender offer for the entirety of GPI's shares". As of today, GPI has not received any update, while we note that according to newspaper *Milano Finanza* potential investors like the dossier: the option taking shape is the sale of a controlling stake within a general reorganisation of the group in which the founder could reinvest with a minority package.
- **New projects set to support revenue trajectory.** As "Digital Health 1" projects concerning the Electronic Medical Record framework are set to complete in the coming months (~27% of FY24/1H25 revenues), management expects new projects - "Digital Health 2 and 4" (AtC & Web Portals, HC Admin. & Big Data AI, Imaging & EMR) - to ramp-up quickly, avoiding a revenue vacuum. GPI ranked 1st to 3rd in these tenders, worth €2.4bn in total, with direct orders reserved for GPI of ~€100mn.
- **Organizational overhaul underway.** In 1H25, management launched an organizational shake-up, a key part of its BP. Actions concern the integration and consolidation of the product offering to foster commercial and industrial synergies, and merging redundant corporate functions scattered across the organization. The new structure will be fully operational by the early 2026.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	433	510	548	570	582
EBITDA Adj (Eu mn)	80	105	115	123	127
Net Profit Adj (Eu mn)	5	15	19	29	32
EPS New Adj (Eu)	0.159	0.510	0.643	0.959	1.079
EPS Old Adj (Eu)	0.159	0.510	0.586	0.903	1.017
DPS (Eu)	0.850	0.500	0.500	0.500	0.539
EV/EBITDA Adj	8.5	6.4	7.5	7.0	6.6
EV/EBIT Adj	26.6	18.1	17.5	14.2	12.9
P/E Adj	nm	34.9	27.7	18.6	16.5
Div. Yield	4.8%	2.8%	2.8%	2.8%	3.0%
Net Debt/EBITDA Adj	4.5	3.1	3.1	2.8	2.6

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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:	31.30%
OUTPERFORM:	38.93%
NEUTRAL:	29.77%
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 (76 in total) is as follows:

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OUTPERFORM:	31.58%
NEUTRAL:	17.10%
UNDERPERFORM:	00.00%
SELL:	00.00%

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