

LOTTOMATICA

Sector: Consumers

OUTPERFORM

Price: Eu21.14 - Target: Eu27.70

Clear Growth Path Set, Additional Buyback Announced

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Stock Rating

Rating: Unchanged

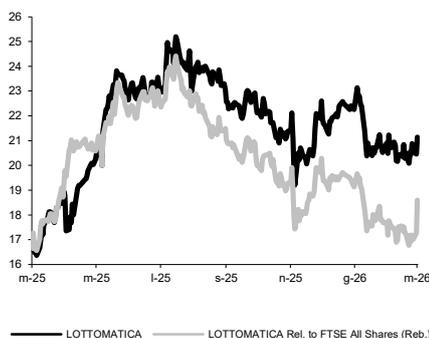
Target Price (Eu): Unchanged

	2026E	2027E	2028E
Chg in Adj EPS	0.3%	0.3%	

Next Event

 1Q26 Results Out 6th May

LOTTOMATICA - 12M Performance



Stock Data

Reuters code: LTMC.MI

Bloomberg code: LTMC IM

Performance	1M	3M	12M
Absolute	3.2%	-3.5%	27.0%
Relative	7.7%	-5.5%	13.3%
12M (H/L)		25.20/16.36	
3M Average Volume (th):		888.78	

Shareholder Data

No. of Ord shares (mn): 252

Total no. of shares (mn): 236

Mkt Cap Ord (Eu mn): 5,319

Total Mkt Cap (Eu mn): 5,319

Mkt Float - Ord (Eu mn): 5,319

Mkt Float (in %): 100.0%

Main Shareholder:

Fidelity 9.2%

Balance Sheet Data

Book Value (Eu mn): 837

BVPS (Eu): 3.54

P/BV: 6.0

Net Financial Position (Eu mn): -1,856

Enterprise Value (Eu mn): 6,979

4Q25 results, as expected, confirmed the solid growth trajectory, which is set to continue this year. 2026 guidance sees EBITDA growing 12% YoY organically and points to higher-than-expected profitability, supported by a stronger Online contribution and full run-rate synergies from the integration of PWO. In addition, online market consolidation should further strengthen LTMC's leadership. We confirm our DCF-based TP of €27.7 and OUTPERFORM recommendation. We do not see short-term regulatory risks, and the healthy cash generation (7% FCF yield '26E) supports the additional buy-back plan, dividend distribution, and accretive M&A.

■ **4Q25 a touch above.** 4Q25 results were a touch better than expected, with revenues in line at €615mn, up 5% YoY, supported by the Online division (€266mn, +12% YoY), while the Sports and Gaming Franchises were broadly flat (respectively -1% and +0%). The higher contribution from Online, alongside the recovery by PWO following integration, resulted in adj. EBITDA of €239mn (+7% YoY), 1% above consensus, implying a 38.8% margin (+0.7pp YoY). Adj. net profit of €112mn was up 21% YoY and 12% better than our expectations after lower net financial charges and taxes. Net debt as at YE25 was in line with our estimates at €2.1bn.

■ **2026 guidance pointing to a higher EBITDA margin...** The guidance, which came in broadly in line with expectations, points to revenues at €2,390-2,460mn (+6%/+9% YoY) and adj. EBITDA at €940-980mn (+10%/+14% YoY). The outlook implies an adj. EBITDA margin of 39.6% at mid-point vs 38.0% in FY25 and our est. of 39.0%, with expansion of profitability driven by a higher contribution from Online and full run-rate synergies from the integration of PWO.

■ **... supported by solid market trends.** In 2026, market trends should remain on the 2025 path, meaning mid-to-high teen growth of Online, the Sports Franchise up mid-single digit, and a low-to-mid-single-digit decline by the Gaming Franchise, with Lottomatica likely to outperform thanks to bolt-on M&A, as seen in recent years. Online market consolidation should further strengthen LTMC's leadership of the Italian market. January and February market data confirmed continued expansion of wagers and have strengthened Lottomatica's leadership.

■ **Improved shareholder remuneration.** The company is requesting authorization from the AGM for additional buy-back, up to 12.5% of share capital over the next 18 months (c.€700mn at the current share price), implying a €500mn increase vs the previous plan (c.9% of current market cap). Management confirmed the 30% dividend payout on 2025 adj. net profit, in line with the policy. The Group continues to assess M&A opportunities, on which it takes a highly selective approach: the additional buy-back does not indicate reduced M&A interest; rather, it reflects stronger FCF generation and ongoing deleveraging.

■ **Change in estimates.** We are confirming our estimates, as business indications are consistent with the assumptions already embedded in our numbers, while updating for the buyback executed to date. A full delivery of the EBITDA guidance could provide a 3% upside to our current forecasts.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	2,005	2,255	2,436	2,589	2,714
EBITDA Adj (Eu mn)	707	856	950	1,030	1,096
Net Profit Adj (Eu mn)	254	369	442	508	561
EPS New Adj (Eu)	0.988	1.472	1.845	2.125	2.350
EPS Old Adj (Eu)	0.988	1.432	1.841	2.120	2.344
DPS (Eu)	0.308	0.469	0.561	0.645	0.713
EV/EBITDA Adj	6.8	8.3	7.3	6.4	5.7
EV/EBIT Adj	8.9	10.7	9.1	7.6	6.6
P/E Adj	21.4	14.4	11.5	9.9	9.0
Div. Yield	1.5%	2.2%	2.7%	3.1%	3.4%
Net Debt/EBITDA Adj	2.6	2.5	2.0	1.4	1.0

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- 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
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Frequency of research: quarterly.

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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:	31.58%
OUTPERFORM:	38.35%
NEUTRAL:	29.32%
UNDERPERFORM:	00.75%
SELL:	00.00%

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BUY:	53.42%
OUTPERFORM:	31.51%
NEUTRAL:	13.70%
UNDERPERFORM:	01.37%
SELL:	00.00%

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