

# LU-VE

Sector: Industrials

# OUTPERFORM

Price: Eu32.60 - Target: Eu39.20

## Record Order Backlog Enhances Visibility on 2H25 Trends

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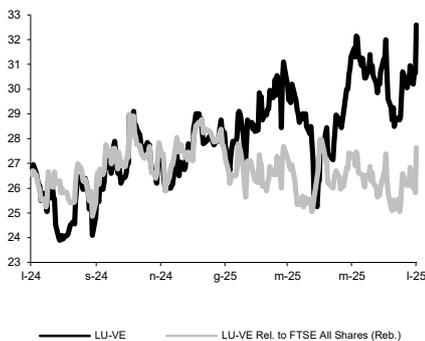
### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	from 36.40 to 39.20		
	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>Chg in Adj EPS</b>	0.0%	0.0%	0.0%

### Next Event: 1H25 Results

Results Out 9 September 2025

### Lu-Ve - 12M Performance



### Stock Data

 Reuters code: LUVE.MI  
 Bloomberg code: LUVE IM

Performance	1M	3M	12M
Absolute	4.2%	17.1%	22.8%
Relative	3.3%	-1.3%	4.9%
12M (H/L)	32.60/23.90		
3M Average Volume (th):	10.64		

### Shareholder Data

No. of Ord shares (mn):	22
Total no. of shares (mn):	22
Mkt Cap Ord (Eu mn):	725
Total Mkt Cap (Eu mn):	725
Mkt Float - Ord (Eu mn):	277
Mkt Float (in %):	38.2%
Main Shareholder:	
Liberali Family	45.8%

### Balance Sheet Data

Book Value (Eu mn):	276
BVPS (Eu):	12.40
P/BV:	2.6
Net Financial Position (Eu mn):	-81
Enterprise Value (Eu mn):	806

- 2Q25 revenues up 4% YoY, record order backlog.** On 10 July, the company announced 2Q25 product sales of Eu157.1mn, up 3.7% YoY, a solid recovery from the -5.5% recorded in 1Q25 and just 1% lower than expected. Importantly, the order book stood at Eu225.0mn at the end of June (+31.7% YoY) a new record high, Eu15mn above the corresponding figure at the end of March. In 1H25, product sales amounted to Eu290.6mn, down just Eu2mn YoY, a gap that should have been mainly related to some volatility in the non-core glass door business (as seen in 1Q25).
- Preview to 2Q/1H25 results.** As in 1Q25, we expect EBITDA to have been affected by Eu0.4mn in one-off costs for the expansion of the new plant in Texas (to be completed by YE25); net of this effect, recurring EBITDA should have reached Eu23.9mn, +2.6% YoY thanks to a 15.1% margin, in line YoY. Below EBITDA, we expect similar D&A, financial charges and taxes to 1Q25, bringing restated net profit up 13% YoY to Eu11.8mn. Net debt as at end-June is expected at Eu97mn, down Eu22mn YoY after a Eu9.3mn dividend payment, confirming solid cash generation even in the presence of unusually high investments to expand capacity in Texas.
- Business outlook.** Sales are projected to accelerate in 2H25, driven by a high order backlog and the expected strengthening of market demand. Even though significant macro uncertainty remains, in 2H25 contracts already awarded for datacentre cooling systems and industrial refrigeration should go ahead according to plan, driving revenues up. In this environment of continuing volatility, the company should remain very efficient on cost control and cash generation, confident of its competitive advantage in technological terms and of the benefits that could flow from the two new plants in China (already completed) and the United States (to be completed by YE25). The local-for-local industrial approach should provide good protection against tariff risk, possibly representing a competitive advantage.
- Change in estimates.** In this report we are leaving our revenue forecasts unchanged. Consequently, we are also confirming our EBITDA forecasts. Our underlying assumptions point to a marked acceleration in 2H25 revenues (expected up 9.8% YoY) and EBITDA margin (expected at 14.1%, i.e. up 60bp YoY).
- OUTPERFORM confirmed; target Eu39.2 from Eu36.4.** The strong order intake trend provides reassurance that the coming quarters should see an acceleration and that our estimates for 4.5% YoY FY25 product revenue growth make sense. Besides this, management's unwavering efforts on extracting cost efficiencies and the healthy diversification of turnover across unrelated sectors remain important levers to adapt the strategy in a still-volatile scenario. Looking ahead, cost savings will improve operational leverage in the coming years, when top line growth should recover, supported by a positive outlook for all business segments. We reiterate our positive view on the stock with a target calculated using a DCF model that assumes a WACC of 8.7% (down from 9.1%, having lowered the equity risk premium by 50bp to 5.5%) and a terminal growth rate of 3.0% (unchanged).

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	617	589	614	657	702
EBITDA Adj (Eu mn)	80	83	87	94	101
Net Profit Adj (Eu mn)	39	40	40	45	50
EPS New Adj (Eu)	1.753	1.798	1.815	2.034	2.266
EPS Old Adj (Eu)	1.753	1.798	1.815	2.034	2.266
DPS (Eu)	0.400	0.420	0.440	0.460	0.480
EV/EBITDA Adj	8.9	7.8	9.2	8.2	7.2
EV/EBIT Adj	13.7	11.7	13.5	11.9	10.3
P/E Adj	18.6	18.1	18.0	16.0	14.4
Div. Yield	1.2%	1.3%	1.3%	1.4%	1.5%
Net Debt/EBITDA Adj	1.6	1.2	0.9	0.5	0.1

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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 S&P500 Index, most of those on the MIBEX 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:	31,85 %
OUTPERFORM:	37,78 %
NEUTRAL:	30,37 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

As at 30 June 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (80 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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