

LU-VE

Sector: *Industrials*

OUTPERFORM

Price: Eu33.55 - Target: Eu39.20

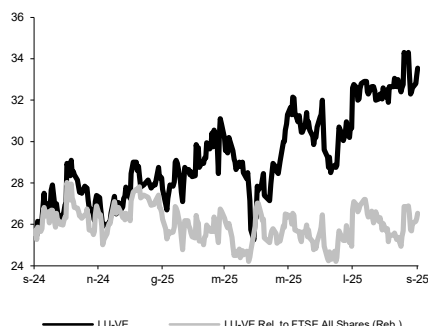
Good 2Q25 Results And Improving Trends Expected In 2H25

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Stock Rating				
Rating:	Unchanged			
Target Price (Eu):	Unchanged			
	2025E	2026E	2027E	
Chg in Adj EPS	2.0%	0.3%	0.2%	

Next Event: 9M25 Revenues
Results Out 9 October 2025

Lu-Ve - 12M Performance



Stock Data			
Reuters code:	LUVE.MI		
Bloomberg code:	LUVE IM		
Performance	1M	3M	12M
Absolute	2.9%	7.2%	31.3%
Relative	1.9%	2.7%	5.0%
12M (H/L)	34.30/25.25		
3M Average Volume (th):	9.76		

Shareholder Data				
No. of Ord shares (mn):	22			
Total no. of shares (mn):	22			
Mkt Cap Ord (Eu mn):	746			
Total Mkt Cap (Eu mn):	746			
Mkt Float - Ord (Eu mn):	285			
Mkt Float (in %):	38.2%			
Main Shareholder:				
Liberali Family	45.8%			

Balance Sheet Data				
Book Value (Eu mn):	274			
BVPS (Eu):	12.33			
P/BV:	2.7			
Net Financial Position (Eu mn):	-82			
Enterprise Value (Eu mn):	828			

■ **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. It is interesting to note that the growth has come from the Components business unit thanks to exchangers for commercial refrigeration and tumble dryers but also thanks to a better than expected recovery in demand for heat pumps, while the Cooling Systems unit saw a slight decrease but enjoys an excellent outlook thanks to a full order book for industrial cooling and data centre equipment. Importantly, the order book stood at Eu225mn at the end of June (+31.7% YoY) a new record high.

■ **Good Indications from 2Q25 results.** Quarterly EBITDA was Eu24.3mn, +4.2% YoY and +3.2% compared to our estimates: the margin on revenues improved from 15.1% in 2Q24 to 15.6% with a slightly positive impact from both prices and volumes. Adjusted net profit, amended mainly for unrealised exchange rate losses, closed at Eu12.5mn, +22.6% YoY and +6.3% vs our forecasts. On a positive note, net debt as at the end of June 2025 was Eu96.4mn, slightly better than expected, down Eu22.5mn on June 2024 after a Eu9.8mn dividend payment and a Eu4.4mn increase in the impact of IFRS16.

■ **Business outlook.** Sales are projected to accelerate in 2H25, supported by management's comments during the conference call on a growing order backlog in 3Q25 and the expected strengthening of market demand. Even though significant macro uncertainty remains, in 2H25 contracts already awarded for data centre cooling systems and industrial refrigeration should drive revenues up. Heat pumps are performing ahead of expectations, while there are fewer openings of new logistics centres in Europe. 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 trimming our revenue forecasts by 0.9%. Conversely, we are improving our EBITDA margin forecasts by 14bp, leaving expected 2025 EBITDA unchanged at Eu87.5mn. Our underlying assumptions point to a marked acceleration in 2H25 revenues (expected up 7.1% YoY) and EBITDA margin (expected at 14.2%, i.e. up 70bp YoY). Below this line, we are implementing minor changes, restating at EPS level the unrealised ForEx losses booked in 1H25.

■ **OUTPERFORM confirmed; target Eu39.2 unchanged.** Quarterly indications provided reassurance that the coming quarters should see an acceleration. The healthy diversification of turnover across unrelated sectors remains a key success factor in a still-volatile scenario. Looking ahead, cost savings will improve operational leverage in the coming years, when top line growth should continue, supported by a positive outlook for all business segments. We reiterate our positive view, leaving our target price unchanged.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	617	589	608	651	696
EBITDA Adj (Eu mn)	80	83	88	94	101
Net Profit Adj (Eu mn)	39	40	41	45	50
EPS New Adj (Eu)	1.753	1.798	1.852	2.039	2.270
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	9.5	8.4	7.5
EV/EBIT Adj	13.7	11.7	13.8	12.1	10.5
P/E Adj	19.1	18.7	18.1	16.5	14.8
Div. Yield	1.2%	1.3%	1.3%	1.4%	1.4%
Net Debt/EBITDA Adj	1.6	1.2	0.9	0.5	0.1

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- 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)

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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:	30.60%
OUTPERFORM:	38.06%
NEUTRAL:	31.34%
UNDERPERFORM:	00.00%
SELL:	00.00%

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BUY:	48.72%
OUTPERFORM:	30.77%
NEUTRAL:	20.51%
UNDERPERFORM:	00.00%
SELL:	00.00%

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