

LU-VE

Sector: Industrials

OUTPERFORM

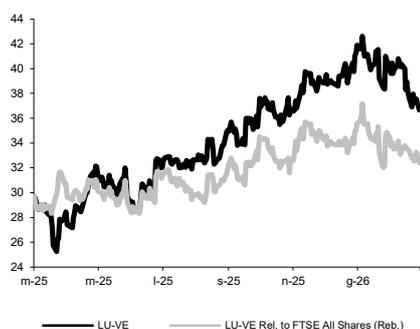
Price: Eu36.65 - Target: Eu47.80

Increasing Visibility on Accelerated Growth in 2026

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2026E	2027E	2028E
Chg in Adj EPS	0.3%	0.3%	

LU-VE - 12M Performance



Stock Data			
Reuters code:	LUVE.MI		
Bloomberg code:	LUVE IM		
Performance	1M	3M	12M
Absolute	-8.5%	-5.7%	21.4%
Relative	-5.4%	-5.6%	7.4%
12M (H/L)	42.60/25.25		
3M Average Volume (th):	47.53		

Shareholder Data	
No. of Ord shares (mn):	22
Total no. of shares (mn):	22
Mkt Cap Ord (Eu mn):	815
Total Mkt Cap (Eu mn):	815
Mkt Float - Ord (Eu mn):	352
Mkt Float (in %):	43.2%
Main Shareholder:	
Liberali Family	44.3%

Balance Sheet Data	
Book Value (Eu mn):	308
BVPS (Eu):	13.84
P/BV:	2.6
Net Financial Position (Eu mn):	-45
Enterprise Value (Eu mn):	860

OUTPERFORM confirmed, target Eu47.8 reiterated. We see fundamental reasons to remain positive on the name: 1) revenue growth is expected to show a solid acceleration in FY26 (+7% exp.) vs. FY25 (+3%); 2) in the last 3 years, the group has managed to achieve significant efficiencies, an element that can now represent a tailwind in the presence of a promising outlook; 3) in addition to cost management, Lu-Ve has shown great ability in neutralising the impact from a spike in raw materials, from volatile ForEx, and from the introduction of tariffs, thanks to a local-for-local approach, 4) Lu-Ve enjoys a strong technology edge and is in a position to grow its market share in the US and Asia, especially in cooling systems for data centres; 5) the group has completed a significant CapEx cycle and has great working capital management, so we expect FCF generation to improve as of 2026. Finally, in terms of M&A, the company is scouting opportunities in the US and Europe, fortified by its sound financial flexibility. The healthy diversification of turnover across unrelated sectors remains a key factor for success.

- **Margins and cash generation better than expected in 4Q25.** On 13 January, the group announced revenues from products, highlighting a 4Q25 acceleration to +10.2% YoY. Full results, reported on 13 March, showed 4Q25 adjusted EBITDA of Eu23.2mn, up 25% YoY and 5.7% better than expected, supported by the increase in volumes. Adjusted net profit, up 19% YoY to Eu12.3mn, was over 60% higher than expected. Thanks to lower-than-expected CapEx, YE25 net debt fell to Eu72.7mn, again better than our estimate of Eu80.5mn.
- **Outlook.** During the conference call, management described the current consensus estimates as reasonable, pointing to mid-to-high single-digit revenue growth in FY26, while 1Q26 revenues, also benefiting from a relatively easy comparison base, are expected to grow double-digit. All key markets are seen growing: the PowerGen segment (10% of FY25 revenues) and the Datacentre segment (8%) are the fastest growing, with significant orders secured outside Europe as well, leveraging on new production capacity; the commercial refrigeration market (approx. 18% of FY25 revenues) is benefiting from a solid number of new store openings foreseen in Europe, the increasing use of natural refrigerants, the opportunity to gain market share in Germany, and some new orders in the US; the heat pumps market (6% of revenues), after 50% growth in 2025 driven by new customer acquisitions, is expected to further consolidate its position; the only contracting markets are Mobile refrigeration, although this accounts for just 6% of revenues and is expected to improve in 2H26, and the business with refrigerated logistics centres. The current geopolitical crisis in the Middle East is a risk being monitored, but the group has limited exposure: only 4% of FY25 revenues and just 3% of the backlog are in the region, and no orders have been cancelled so far; regarding inflation risk, energy costs have a limited impact, while orders already secured include automatic indexation of raw material costs, protecting margins in absolute value terms, as has been the case in the past.
- **Change in estimates.** In this report we have made minor positive changes to our P&L estimates. We slightly raise our FCF forecast, and now assume a 5.2% yield in 2026 and 6.2% in 2027.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	589	605	648	693	735
EBITDA Adj (Eu mn)	83	89	94	102	108
Net Profit Adj (Eu mn)	40	46	45	51	54
EPS New Adj (Eu)	1.798	2.061	2.045	2.278	2.441
EPS Old Adj (Eu)	1.798	1.851	2.040	2.272	
DPS (Eu)	0.420	0.470	0.490	0.510	0.530
EV/EBITDA Adj	7.8	8.9	9.1	8.1	7.2
EV/EBIT Adj	11.8	12.7	13.2	11.4	10.1
P/E Adj	20.4	17.8	17.9	16.1	15.0
Div. Yield	1.1%	1.3%	1.3%	1.4%	1.4%
Net Debt/EBITDA Adj	1.2	0.8	0.5	0.0	-0.4

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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:	32.06%
OUTPERFORM:	38.17%
NEUTRAL:	29.77%
UNDERPERFORM:	00.00%
SELL:	00.00%

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BUY:	52.63%
OUTPERFORM:	27.63%
NEUTRAL:	18.42%
UNDERPERFORM:	01.32%
SELL:	00.00%

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