Milan, 18 November 2025

Italian Equity Research – 3Q25 Results

LU-VE

OUTPERFORM

Sector: Industrials

Price: Eu36.55 - **Target: Eu42.50**

Revenues to Accelerate in the Coming Quarters

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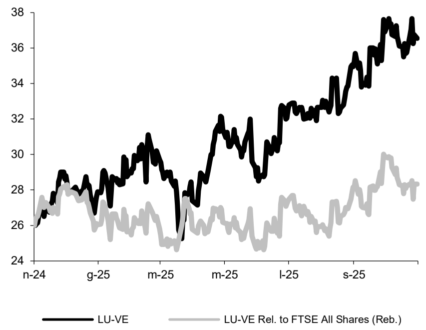
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 39.20 to 42.50
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-0.1%	0.0%	0.0%

Next Event FY25 Results
Results Out March 2026

LU-VE - 12M Performance



Stock Data			
Reuters code:			LUVE.MI
Bloomberg code:			LUVE IM
Performance	**1M**	**3M**	**12M**
Absolute	-0.9%	11.9%	40.6%
Relative	-5.5%	9.4%	13.0%
12M (H/L)			37.65/25.25
3M Average Volume (th):			9.64

Shareholder Data	
No. of Ord shares (mn):	22
Total no. of shares (mn):	22
Mkt Cap Ord (Eu mn):	813
Total Mkt Cap (Eu mn):	813
Mkt Float - Ord (Eu mn):	310
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:	3.0
Net Financial Position (Eu mn):	-82
Enterprise Value (Eu mn):	894

- **Solid margin expansion continued in 3Q25.** Product sales were Eu144.7mn, up 3.4% YoY. Turnover from heat exchangers increased by 5.1% YoY, mainly driven by higher sales in commercial refrigeration and tumble dryer applications, as well as by a stronger-than-expected recovery by heat exchangers for heat pumps. Mobile applications continued to be affected by challenging market conditions and by the delayed launch of a new product range by a major customer. On the other hand, the Cooling Systems SBU grew by 5.0% YoY, supported by positive project momentum in the refrigeration and data centre markets, as well as by record order backlog in the industrial cooling segment. Quarterly EBITDA was affected by Eu0.3mn of one-off costs related to the expansion of the new plant in Texas; net of this, adjusted EBITDA was Eu22.5mn, 1% better than expected and +6.6% YoY thanks to a 15.5% margin, improving by 60bp YoY. Below EBITDA, net financial charges were slightly below expectation, so adjusted net profit increased by 20% YoY to Eu11.7mn. Net debt as at end-September was Eu104mn, in line with expectations.
- **Business outlook.** In terms of outlook, the company foresees an increase in sales in the coming quarters in light of a solid order book, improved demand in some segments, and completion of an important investment cycle. In 2026, margins are expected to benefit from positive operating leverage in the presence of high single-digit organic growth. In terms of CapEx, after Eu35mn in 2025, the company expects to invest Eu25mn in 2026, having already reached enough capacity. There are very interesting projects in new datacentres both within Europe and without. While the exact timing of order initiation may be subject to slight fluctuations, the opportunities in this segment are considerable. At present, Luve is acquiring low-to-mid-size orders in datacentres, but there is a good pipeline of larger projects. Heat pumps are performing ahead of expectations, with 9M25 revenues up 40% YoY (growing well above the market). Commercial refrigeration is expected to keep on growing: orders of display cabinets are a promising indicator. They have good visibility on winning a new order in UK in the nuclear business. Finally, in terms of M&A, the company is scouting opportunities to reinforce the positioning in the US in the datacentre business.
- **Change in estimates.** In this report we have trimmed our revenue forecasts by 0.5%. On the other hand, we have left expected 2025 and 2026 EBITDA unchanged. Our underlying assumptions point to a marked acceleration of 4Q25 revenues (expected up 10% YoY) and the EBITDA margin (expected at 13.2%, i.e. up 100bp YoY). As for 2026, we confirm our 7% revenue growth forecast, with datacentres accounting for about 40% of this growth.
- **OUTPERFORM confirmed; target Eu42.5 from Eu39.2.** Quarterly indications provided reassurance that the coming quarters should see an acceleration. The healthy diversification of turnover across unrelated sectors remains a key factor for success. A stronger top line is expected to improve operational leverage in the coming years while further upside could arise from M&A. We reiterate our positive view, adjusting up our target to Eu42.5 having refreshed our risk-free rate assumption (-50bp to 3.5%).

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	617	589	605	648	693
EBITDA Adj (Eu mn)	80	83	87	94	101
Net Profit Adj (Eu mn)	39	40	41	45	50
EPS New Adj (Eu)	1.753	1.798	1.850	2.039	2.270
EPS Old Adj (Eu)	1.753	1.798	1.852	2.039	2.270
DPS (Eu)	0.400	0.420	0.440	0.460	0.480
EV/EBITDA Adj	8.9	7.8	10.2	9.1	8.1
EV/EBIT Adj	13.7	11.7	15.0	13.2	11.4
P/E Adj	20.8	20.3	19.8	17.9	16.1
Div. Yield	1.1%	1.1%	1.2%	1.3%	1.3%
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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OUTPERFORM:	37.40%
NEUTRAL:	29.78%
UNDERPERFORM:	00.76%
SELL:	00.00%

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UNDERPERFORM:	01.30%
SELL:	00.00%

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