

OMER

Sector: *Industrials*

OUTPERFORM

Price: Eu4.56 - Target: Eu5.40

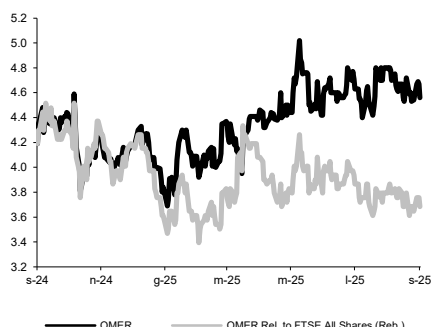
Solid 1H; FY25 Outlook Slightly Tempered by Mix

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Stock Rating				
Rating:	Unchanged			
Target Price (Eu):	Unchanged			
	2025E	2026E	2027E	
Chg in Adj EPS	-13.0%	-11.4%	-5.4%	

Next Event
3Q KPI out 17th of November

OMER - 12M Performance



Stock Data			
Reuters code:	OMR.MI		
Bloomberg code:	OMER IM		
Performance	1M	3M	12M
Absolute	-5.0%	-0.7%	8.8%
Relative	-2.8%	-8.0%	-15.7%
12M (H/L)	5.02/3.69		
3M Average Volume (th):	5.93		

Shareholder Data	
No. of Ord shares (mn):	29
Total no. of shares (mn):	29
Mkt Cap Ord (Eu mn):	131
Total Mkt Cap (Eu mn):	131
Mkt Float - Ord (Eu mn):	33
Mkt Float (in %):	25.6%
Main Shareholder:	
Russello Fam.	74.0%

Balance Sheet Data	
Book Value (Eu mn):	73
BVPS (Eu):	2.53
P/BV:	1.8
Net Financial Position (Eu mn):	21
Enterprise Value (Eu mn):	118

OMER reported solid 1H25 figures, with strong growth driven by the DolceVita (DV) project, which offset a reduction in US activity, hit by the end of the Amtrak contract's life cycle and the delayed start at Metra; Italy was only up slightly, freeing up production capacity for DV. As for the 2025 outlook, DV's contribution to revenues will be greater than previously expected, but adverse mix on *core* projects drives a mid-single-digit cut to operating estimates. We welcome approval of the INNORAIL project and look forward to newflow on Trenitalia's EU expansion plans. We continue to appreciate the company's solid reputation and trusted relationship with train manufacturers in an industry with high entry barriers and growth potential. TP confirmed at €5.4 as lower estimates and dividend payment are offset by a half-year rollover and slightly higher TGR.

■ **1H25 results in line with expectations.** Revenues closed at €47.9mn (exp. €45.5mn), +22% YoY, with DV contributing >€8mn (€6mn exp., 17% of total) vs. no contribution in 1H24, while core activities remained flat. Italian activities (90% of 1H24) showed slight growth while the US (8% of 1H24) declined due to the winding down of the Amtrak project and the delayed start of Metra Chicago. EBITDA was €9.1mn (exp 9.0), +14% YoY with a 19.0% margin vs. 20.2% in 1H24 due to an adverse mix on *core* projects (+new less profitable/-old more profitable), and the temporary decline in the US. Net income was €4.5mn (exp. €5.2mn), stable YoY, after D&A in line, higher net fin. exp. due to non-cash ForEx devaluation and a higher tax rate amid an adverse pre-tax profit mix (-US). Net cash €18.1mn (exp. €19.8mn) due to payment timing mainly linked to DV.

■ **2025 outlook.** The FY25 outlook foresee slightly higher revenues thanks to DV, but with a different mix contribution from newer and older (ie more profitable) *core* projects. DV should contribute €12-13mn (vs. €8mn prev. exp.) with ~€4mn in 2H as OMER works on part of the 2nd train. On the other hand, in 2H *core* activities should continue on a similar, path vs. 1H, with still reduced US volumes (awaiting Metra ramp-up seen in 2026) and slight growth in Italy but with the adverse mix trend explained above. All in all, we see revenues of ~€90mn (vs. €87mn prev.), but slightly lower EBITDA of €18.0mn (vs. €19.3mn) for a 20.0% margin (vs. 22.2% prev.).

■ **Backlog update.** Hard backlog reached €169mn (1.8x LTM sales), up from €164-166mn in 4Q24/1Q25, thanks to the conversion of options on tenders already awarded. On the other hand, the soft backlog declined to €171mn (3.7x LTM sales) vs. €228/206mn in 4Q24/1Q25, due to low order intake and Alstom's decision to waive options on the remaining C30 Metro Stockholm items. After significant contract awards in 2024, we believe a slower order intake is natural. At the same time, management argued that the platform contract for the ETR1000 with Hitachi (i.e. the Frecciarossa train) could see major volumes in the coming years in light of Trenitalia's plan to expand to Europe ([link](#)).

■ **INNORAIL programme approved.** OMER has officially received Invitalia approval of its INNORAIL development programme. The programme foresees maximum investments of ~€28mn over the next 36 months to support the industrial development of the Carini production site. The aim is to prepare for higher production volumes, improve operating efficiency and reduce time-to-market. The programme will receive a non-repayable grant of up to 50%.

■ **Change in est. & valuation.** In light of the abovementioned trends, we cut our operating estimates by 6% and EPS by 9%. We value the stock based on the ROIC/WACC framework with average ROIC of ~21% between 2024-26, WACC of 8.5% and TGR of 1.5% (vs 1.0% prev. due to execution since IPO) to which we add €0.07/share from the DV project.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	67	84	90	84	87
EBITDA Adj (Eu mn)	15	19	18	18	19
Net Profit Adj (Eu mn)	8	11	10	10	11
EPS New Adj (Eu)	0.293	0.389	0.341	0.346	0.375
EPS Old Adj (Eu)	0.293	0.389	0.392	0.391	0.396
DPS (Eu)	0.060	0.070	0.000	0.000	0.000
EV/EBITDA Adj	4.8	5.2	6.6	5.7	4.7
EV/EBIT Adj	6.0	6.5	8.6	7.6	6.3
P/E Adj	15.5	11.7	13.4	13.2	12.2
Div. Yield	1.3%	1.5%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	-1.3	-1.1	-1.2	-2.1	-2.6

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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 FTSEIMIB40 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:	30.30%
OUTPERFORM:	38.64%
NEUTRAL:	31.06%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	49.35%
OUTPERFORM:	32.47%
NEUTRAL:	18.18%
UNDERPERFORM:	00.00%
SELL:	00.00%

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