

EL.EN.

Sector: Industrials

BUY

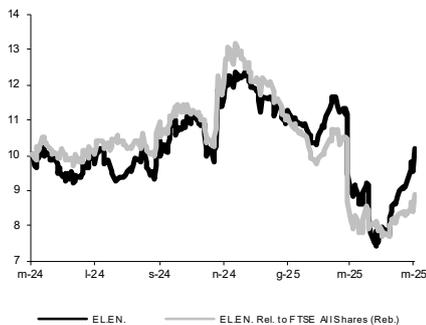
Price: Eu10.21 - Target: Eu14.70

Strong 1Q Performance Across the Board Triggers Guidance Upgrade

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 14.50 to 14.70		
	2025E	2026E	2027E
Chg in Adj EPS	2.3%	2.7%	2.6%

EL.EN. - 12M Performance



Stock Data			
Reuters code:	ELEN.MI		
Bloomberg code:	ELN IM		
Performance	1M	3M	12M
Absolute	31.1%	-3.6%	2.0%
Relative	18.4%	-10.6%	-12.5%
12M (H/L)	12.38/7.45		
3M Average Volume (th):	202.92		

Shareholder Data	
No. of Ord shares (mn):	80
Total no. of shares (mn):	80
Mkt Cap Ord (Eu mn):	816
Total Mkt Cap (Eu mn):	816
Mkt Float - Ord (Eu mn):	432
Mkt Float (in %):	53.0%
Main Shareholder:	
Cangioli Andrea	14.8%

Balance Sheet Data	
Book Value (Eu mn):	402
BVPS (Eu):	5.02
P/BV:	2.0
Net Financial Position (Eu mn):	175
Enterprise Value (Eu mn):	669

- 1Q results above expectations across all metrics.** Revenue came in at €140.9mn, up 8.8% vs. 1Q24 thanks to solid performances at both divisions. Medical sales grew by 8.2% in 1Q, exceeding our estimate of +5%. Growth was strong across all key segments, with Aesthetics up 8.7% (mainly driven by anti-aging applications), Surgery up 9%, Therapy up 13%, and Medical Services 5.9% higher. The industrial division (excluding the Chinese industrial cutting business currently being divested) showed surprising growth of 10.2%, driven by +14.4% at the Cutting segment and +9.2% at Marking. Geographically, Italy stood out with growth of +28.4% YoY, rebounding from a weak 1Q24.
- Profitability on the rise.** The gross margin was 44.7%, up slightly YoY (+0.2pp). However, it is worth noting that last year's figure included a one-off gain of approx. €1.9mn related to insurance reimbursements for the flood, whereas 2025 benefits from R&D tax credits of ca. €650k. Excluding these items, the gross margin would have improved by around 1pp YoY, mainly driven by a better sales mix at the medical division. EBIT reached €17.4mn, with a 0.4pp improvement in the margin. Excluding the aforementioned non-recurring items, the margin would have improved by approx. 1.4pp. Net cash stood at €107.5mn, significantly ahead of our estimate (€80.6mn), thanks to lower-than-usual working capital absorption, with the net cash position declining only €3mn QoQ.
- EBIT guidance upgraded.** The start to the year was clearly stronger than expected, prompting the company to revise its guidance. It now anticipates not only higher revenues but also an increase in EBIT (barring exogenous shocks), whereas previous guidance had EBIT roughly flat vs. 2024. During the conference call, more colour was provided, with the management indicating moderate optimism from their clients and order acquisition that remains healthy even in the US (order intake has been quite stable to date). When asked about potential growth of EBIT this year, it was indicated that a range between 0% and 5% was to be considered reasonable.
- Estimates raised.** We are lifting our estimates slightly, improving our top-line growth forecast to 3.8% from 2.9% previously. In our view, this is solid growth considering the 2025 top line will be affected by two extraordinary elements; the deconsolidation of Japanese subsidiary Withus (c. Eu10mn revenues in 2024) and the loss of Cynosure as a client (acquired by a competitor, >Eu10mn of sales in 2024). Net of these, the top line would be up more than 7%. A higher top line means higher EBIT, with our estimates now at Eu80.5mn, 2.7% up YoY, in line with management comments.
- BUY confirmed, TP Eu14.7 from Eu14.5.** The results were strong and further highlight the improved growth and profitability profile following the divestment of the Chinese subsidiary, the closing of which is expected by the end of June following Golden Power clearance and completion of the final formal procedures. Another positive element is strong cash generation, which enables the company to navigate calmly even in unpredictable macro contexts without having to give up investing, and remunerating its shareholders. At the end of the year, the company should be sitting on a considerable cash pile, which represents more than 20% of the current market cap. We confirm our BUY rating, lifting the TP to Eu14.7 following the estimates upgrade.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	576	566	587	626	667
EBITDA Adj (Eu mn)	92	92	94	102	109
Net Profit Adj (Eu mn)	48	48	53	60	65
EPS New Adj (Eu)	0.604	0.599	0.656	0.745	0.807
EPS Old Adj (Eu)	0.604	0.599	0.641	0.725	0.786
DPS (Eu)	0.200	0.220	0.230	0.250	1.250
EV/EBITDA Adj	9.5	8.0	7.1	6.2	5.6
EV/EBIT Adj	11.2	9.4	8.3	7.2	6.4
P/E Adj	16.9	17.0	15.6	13.7	12.7
Div. Yield	2.0%	2.2%	2.3%	2.4%	12.2%
Net Debt/EBITDA Adj	-0.6	-1.2	-1.9	-2.0	-2.2

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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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 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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