

Elsa Solutions

Industrial Goods

KPIs Unveil a Better than Expected 2025

Elsa Solutions is a B2B industrial company specialized in motion control (commercialization of equipment, systems and components and power electronics, since 1982) and in special purpose batteries (lithium technology, since 2009). 54% owned by the Dal Pozzo family and managed by its 2nd generation, Elsa landed on EGM in Oct 2023.

Sales and Project Intake Above Expectations

ELSA Solutions' BoD approved unaudited FY25 KPIs, confirming a still-challenging demand backdrop and compressed visibility, while highlighting an encouraging pick-up in Aliant electrification projects.

- **Sales at €17.7mn** (-19.3% y/y, +6% vs. our expectations), with both divisions down: Aliant €9.3mn (-17.9% y/y) and E-Motion €8.4mn (-20.4% y/y), with a stable revenue split (E-Motion 47.2%, Aliant 52.8%);
- **Dec-25 Backlog** at €5.1mn, down from €6.0mn in Oct-25, confirming very short visibility (now ~3 months) as clients remain cautious in committing to multi-quarter capex, but the commercial activity is improving;
- **Project Intake of 44 projects** in FY25, above our 36 estimate (and up vs. 32 in FY24). Our reading is that, while customers are currently delaying investment decisions, projects should convert once procurement process and clients' confidence normalize. Hence, while near-term demand remains subdued, the rising intake suggests a constructive MT outlook.

Additionally, management: 1) delivered tight cost/cash discipline (protecting unit margins and limiting debt absorption), 2) drove tangible market share gains.

FY25E Rebased Up and Better Earnings/Cash Profile

We rebase FY25E on stronger KPIs, upgrading EBITDA and resetting Net Debt to €2.6mn (vs. previous est. of €4.0mn) on tighter WC discipline. For FY26–27E, despite limited visibility, we lift average EBITDA by +18% on stronger order intake momentum, with net debt €0.7-0.8mn better over the horizon. We now see CAGR_{25-27E} of 9% for top line and 8% for EBITDA, with NFD down from €2.6mn of Dec 25E to €2.3mn of Dec 27E.

Fair Value at €3.2/sh. (previous €2.5/sh.)

Based on updated forecasts and sector multiples, we raise our fair value per share from €2.5 to €3.2, reflecting also a more supportive cost of capital environment and peer multiples trending higher across both segments. At fair value the stock would trade at 6.9x EV/EBITDA and 12.8x P/E on FY27E, broadly in line with peers.

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FAIR VALUE (€) **3.2**

MARKET PRICE (€) **2.3**

MARKET CAP (€mn) **8.5**

KEY FINANCIALS	FY24	FY25E	FY26E
VALUE OF PRODUCTION	22.3	17.9	18.8
EBITDA	2.3	1.7	1.5
EBIT	1.7	1.2	0.9
NET PROFIT	1.0	0.7	0.5
GROUP NET EQUITY	10.5	11.2	11.8
NET DEBT (-) / NET CASH (+)	-4.4	-2.6	-2.5
EPSADJ.	0.28	0.19	0.14
DPS	0.00	0.00	0.00

Source: Elsa Solutions (historical figures), Value Track (estimates)

RATIOS AND MULTIPLES	FY24	FY25E	FY26E
EBITDA MARGIN (%)	10.1	9.7	8.0
EBIT MARGIN (%)	7.6	6.5	4.8
NET MARGIN (%)	4.6	3.9	2.8
NET DEBT / EBITDA (x)	2.0	1.5	1.7
NET DEBT / EQUITY (x)	0.4	0.2	0.2
EV/SALES (x)	0.6	0.6	0.6
EV/EBITDA (x)	5.7	6.3	7.3
EV/EBIT (x)	7.6	9.4	12.1
P/EADJ. (x)	8.3	12.1	15.9

Source: Elsa Solutions (historical figures), Value Track (estimates)

STOCK DATA	
MARKET PRICE (€)	2.30
NOSH (mn)	3.68
MARKET CAP (€mn)	8.5
ENTERPRISE VALUE (€mn)	11.0
FREE FLOAT (%)	48.9
AVG L30D VOLUME	26,537
RIC / BBG	ELSA.MI / ELSA.IM
52 WK MAX - MIN (€)	2.94-2.36

Source: Stock Market Data

EQUITY RESEARCH PRODUCED ON BEHALF OF MIT SIM ACTING AS SPECIALIST ON ELSA SOLUTIONS SHARES

Description

Elsa Solutions (ELSA) is a B2B industrial company operating in the field of motion control and special purpose batteries. Established in 1982 as an early pioneer in the field of motion control, Elsa Solutions has continually evolved and expanded its offerings. In 2009, ELSA launched its second line of business, Aliant, an original equipment manufacturer (OEM) and original design manufacturer (ODM) specializing in special purpose batteries, with focus on lithium (LFP) and more recently hydrogen technologies.

Financial Highlights

KEY FINANCIALS (OIC, €mn)	FY24	FY25E	FY26E	FY27E
Value of Production	22.3	17.9	18.8	21.4
<i>y/y (%)</i>	14.8%	-19.8%	5.0%	14.1%
EBITDA	2.3	1.7	1.5	2.0
<i>EBITDA Margin (%)</i>	10.1%	9.7%	8.0%	9.6%
EBIT	1.7	1.2	0.9	1.5
<i>EBIT Margin (%)</i>	7.6%	6.5%	4.8%	6.9%
Net Profit	1.0	0.7	0.5	0.9
<i>y/y (%)</i>	nm	-31.4%	-23.9%	72.2%
Adj. Net Profit	1.0	0.7	0.5	0.9
<i>y/y (%)</i>	nm	-31.4%	-23.9%	72.2%
Net Fin. Position [Net Debt (-) / Cash(+)]	-4.4	-2.6	-2.5	-2.3
<i>Net. Fin. Pos. / EBITDA (x)</i>	2.0	1.5	1.7	1.1
Capex	-1.1	-0.3	-0.2	-0.1
OpFCF b.t.	1.6	2.3	0.4	0.8
<i>OpFCF b.t. / EBITDA (%)</i>	72.2%	134.0%	27.1%	41.0%

Source: Elsa Solutions, Value Track Analysis

Investment Case

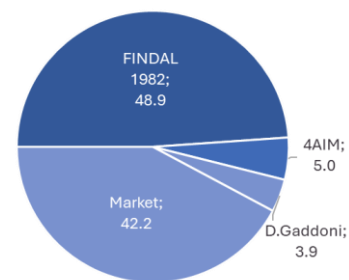
Strengths / Opportunities

- Excellent growth profile prospects in the medium term, supported by rising number of new electrification projects awarded and a substantial capacity expansion just finished;
- Diversified client base operating in many end-sectors;
- Exposure to energy transition / growing adoption of circular industrial practices, including attractive ventures in hydrogen and solid-state cells.

Weaknesses / Risks

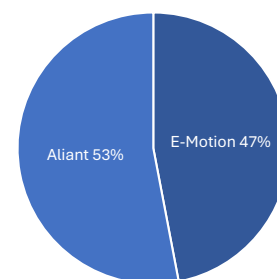
- Capital Goods industry vulnerable to the sluggish market outlook;
- Currently thin order backlog reduces visibility over next year;
- Long OEMs contract time to market.

SHAREHOLDERS' STRUCTURE



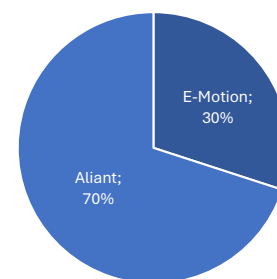
Source: Elsa Solutions

REVENUES BY BUSINESS LINE FY25



Source: Elsa Solutions

BACKLOG BY BUSINESS LINE FY25



Source: Elsa Solutions

STOCK MULTIPLES @ FV	FY26E	FY27E
EV / SALES (x)	0.8	0.7
EV / EBITDA (x)	9.5	6.9
EV / EBIT (x)	15.7	9.5
EV / CAP. EMPLOYED	1.0	0.9
OpFCF Yield (%)	2.8	5.3
P / E (x)	22.1	12.8
P / BV (x)	1.0	0.9
Dividend Yield (%)	0.0	0.0

Source: Value Track Analysis

Estimates Review

Following the release of FY25 KPIs and our discussion with management, we revise estimates to reflect a **better-than-expected FY25 outcome on both earnings and net debt**, alongside a more constructive medium-term profitability trajectory, while maintaining a prudent stance on cash conversion given the structurally working-capital-intensive nature of the business.

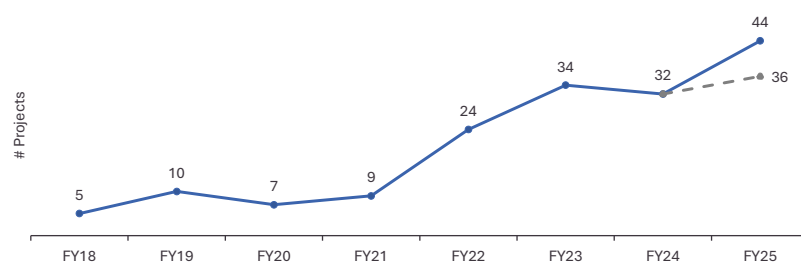
- **FY25E:** We update our model to reflect a **stronger-than-expected FY25 top line**, which we expect to translate into higher EBITDA (operating leverage / better fixed-cost absorption / a small one-off item) and a positive read-through to earnings and NFP. We also understand that net debt in FY25 benefited from a **step-change in WC management**, as the group moved away from its historical “availability-driven” inventory approach, and adopted a tighter inventory framework (including an active rundown of low-turn items and broader de-stocking). Accordingly, we now model FY25 net debt at €2.6mn;
- **FY26E–27E:** while mindful of limited demand visibility, we expect the improved order intake backdrop to support execution and mix, resulting in a **18% uplift in average EBITDA over FY26E–27E** vs our previous estimates. Note that FY26E is conservatively modelled down y/y at EBITDA level, as our revised FY25 margins are unusually strong, based on an extremely effective purchasing strategy and favorable client mix and, in our view, unlikely to be sustained at the same run-rate into 2026, particularly given still-limited demand visibility. **Net debt is now seen €0.7-0.8mn lower** over the forecast horizon, while, we assume moderate cash generation in growth years, as expansion brings meaningful WC needs.

Old vs. New Estimates FY25E-FY27E

(OIC, €mn)	2025			2026			2027		
	Old	New	Chg. %	Old	New	Chg. %	Old	New	Chg. %
Value of Production	16.9	17.9	6.0%	18.0	18.8	4.4%	21.3	21.4	0.3%
EBITDA	1.0	1.7	74.9%	1.2	1.5	27.7%	1.9	2.0	8.3%
<i>EBITDA Margin (%)</i>	5.9%	9.7%	384 bps	6.6%	8.0%	146 bps	8.8%	9.6%	70 bps
EBIT	0.4	1.2	187.8%	0.6	0.9	54.2%	1.3	1.5	11.3%
<i>EBIT Margin (%)</i>	2.4%	6.5%	413 bps	3.3%	4.8%	157 bps	6.2%	6.9%	68 bps
Net Profit	0.1	0.7	nm	0.2	0.5	nm	0.7	0.9	26.9%
Net Financial Position	-4.0	-2.6	1.5	-3.2	-2.5	0.7	-3.1	-2.3	0.8

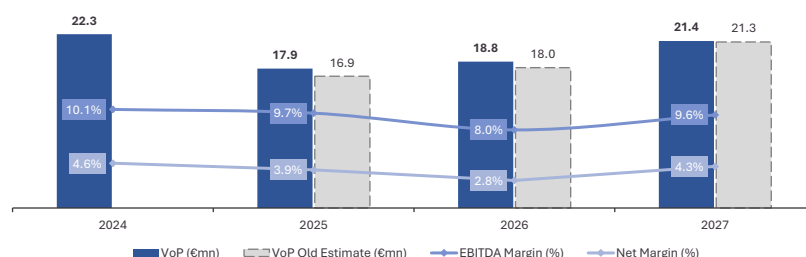
Source: Elsa Solutions, Value Track Analysis

Aliant: number of acquired projects per year (vs. estimate)



Source: Value Track Analysis

New Estimates: Value of Production (€mn), EBITDA Margin (%), Net Margin (%) Evolution



Source: Value Track Analysis

Profit and Loss FY24-FY27E

(OIC, €mn)	FY24	FY25E	FY26E	FY27E
Value of Production	22.3	17.9	18.8	21.4
Raw Materials, Δ Inventory	-15.5	-11.6	-12.6	-14.5
Gross Profit	6.8	6.3	6.2	7.0
Gross Margin (%)	30.6%	35.0%	32.8%	32.5%
Costs of Services	-1.7	-1.6	-1.6	-1.6
Costs of Rent	-0.1	-0.1	-0.1	-0.1
G&A	-0.1	-0.1	-0.1	-0.1
Labour Costs	-2.6	-2.7	-2.8	-3.1
EBITDA	2.3	1.7	1.5	2.0
EBITDA Margin (%)	10.1%	9.7%	8.0%	9.6%
D&A	-0.5	-0.6	-0.6	-0.6
Provisions	0.0	0.0	0.0	0.0
EBIT	1.7	1.2	0.9	1.5
Interest Expenses	-0.3	-0.2	-0.1	-0.2
Pre-Tax Profit	1.4	1.0	0.8	1.3
Taxes	-0.4	-0.3	-0.2	-0.4
Net Profit	1.0	0.7	0.5	0.9
Net Profit Margin (%)	4.6%	3.9%	2.8%	4.3%

Source: Elsa Solutions, Value Track Analysis

Balance Sheet FY24-FY27E

(OIC, €mn)	FY24	FY25E	FY26E	FY27E
Net Fixed Assets	7.3	7.0	6.6	6.2
Net Working Capital	8.3	7.5	8.4	9.6
Provisions	0.6	0.6	0.7	0.8
Total Capital Employed	15.0	13.8	14.3	14.9
Group Net Equity	10.5	11.2	11.8	12.7
Net Financial Position	-4.4	-2.6	-2.5	-2.3

Source: Elsa Solutions, Value Track Analysis

Cash Flow FY24-FY27E

(OIC, €mn)	FY24	FY25E	FY26E	FY27E
EBITDA	2.3	1.7	1.5	2.0
Δ NWC	0.4	0.8	-0.9	-1.2
Capex (excl. Financial Inv.)	-1.1	-0.3	-0.2	-0.1
Δ Provisions	0.0	0.0	0.0	0.2
OpFCF b.t.	1.6	2.3	0.4	0.8
<i>As a % of EBITDA</i>	<i>72.2%</i>	<i>134.0%</i>	<i>27.1%</i>	<i>41.0%</i>
Cash Taxes	-0.4	-0.3	-0.2	-0.4
OpFCF a.t.	1.3	2.0	0.2	0.4
Capital Injections	0.0	0.0	0.0	0.0
Others (incl. Financial Inv.)	0.0	0.0	0.0	0.0
Net Financial Charges	-0.3	-0.2	-0.1	-0.2
Dividends Paid	0.0	0.0	0.0	0.0
Δ Net Financial Position	0.9	1.9	0.0	0.3

Source: Elsa Solutions, Value Track Analysis

Valuation

Based on revised financials and updated sector multiples, we have revised our **Fair Value to €3.20/sh.** (vs previous €2.50), still based on peers' multiple analysis and DCF model. The former is based on EV/EBITDA relative valuation (2026E-2027E) and built by segment (i.e. E-Motion and Aliant). As for DCF model, the main assumptions are unchanged, while updated Equity market data have caused a reduction of WACC since our last update (-130bps). At our Fair Value, ELSA trades substantially in line to the peer cluster, implying **0.7x EV/Sales, 6.9x EV/EBITDA** and **12.8x P/E** for FY27E.

i) DCF Valuation

Our DCF, run at group level, now implies a **fair equity value of €3.23/share** (from €2.80), driven by **higher earnings assumptions** and a **lower WACC**.

In more details:

- ◆ reference date Dec 2025E, with 2026E-30E as explicit forecasts time horizon;
- ◆ 2% Perpetuity Growth Rate ("g"), unchanged;
- ◆ TV calculated with perpetual growth model, which implies exit multiples at discount to current FY26E market multiples, i.e. between 4.2x and 4.8x EV/EBITDA;
- ◆ 2.0% risk-free rate in line with medium/long-term ECB inflation target;
- ◆ 1.07 unlevered beta, i.e. the average of estimates for Electric components & Machinery (Source: Damodaran, lowered from previous 1.2);
- ◆ 4.95% implied Italian equity risk premium (Source: Damodaran, lowered from previous 5.37%);
- ◆ 2.75% Elsa Solutions specific small-size / execution risk premium (unchanged);
- ◆ 3.8% pre-tax and 2.9% after-tax cost of debt (unchanged).

On a rolling capital structure, Elsa Solutions WACC starts from 9.2% in 2026E (17.7% Net Debt/Total Capital Employed) and lands at 9.8% in 2030E (5% leverage). At target 30% leverage structure, Elsa Solutions WACC is fixed at 9.1% for the whole period.

DCF Model Outcomes

€mn	Rolling Capital Structure	Target Capital Structure
PV of future cash flows (2026-2030)	0.8	0.8
PV of Terminal Value	12.8	14.5
Fair EV	13.6	15.3
NFP 2025E	-2.6	-2.6
Equity Value	11.1	12.8
Equity Value p.s.	3.0	3.46
Equity Value p.s. (avg.)	3.23	

Source: Value Track Analysis

Sensitivity of DCF model @ Target Capital Structure (€/sh)

	g =1%	1.0%	1.5%	2.0%	2.5%	3.0%
WACC (%)	8.6%	3.2	3.5	3.8	4.2	4.7
	8.9%	3.1	3.3	3.6	4.0	4.4
	9.1%	2.9	3.2	3.5	3.8	4.2
	9.4%	2.8	3.0	3.3	3.6	3.9
	9.6%	2.7	2.9	3.1	3.4	3.7

Source: Value Track Analysis

ii) Peers Analysis

We update our model using a peer-based relative valuation framework, segmented by business line (Motion Control vs Batteries) to reflect their different rating profiles and growth outlook. We focus on FY26E–FY27E EV/EBITDA multiples and, as shown in the table below, apply the relevant peer set multiples to our revised forecasts for Aliant and E-Motion, respectively. This approach implies an equity value of **€3.17 per share**.

Elsa Solutions: Equity Value based on Peers' multiples

€mn	2026E		2027E	
	Aliant	E-Motion	Aliant	E-Motion
EBITDA	1.2	0.3	1.6	0.4
EV/EBITDA of Peers	9.9	6.5	7.4	5.6
EV Business Line	11.9	1.9	12.0	2.3
EV Elsa Solutions (Aliant + E-Motion)	13.8		14.3	
Net Debt	-2.5		-2.3	
Equity Value (€mn)	11.3		12.0	
Equity Value p.s.	3.06		3.27	
Equity Value p.s. (avg.)			3.17	

Source: Value Track Analysis

Since our last update in October 2025, Peer **multiples have moved ~10% higher** mostly on denominator pressure rather than genuine stock rerating. Share-price performance is essentially flat on average (-0.8%) but highly dispersed, with a few names up strongly (e.g., Comer 40%, SIT 30%) offset by meaningful decliners (e.g., Microvast -55%, Tenax/Endurance -15%), pointing to a largely heterogeneous scenario. Against this backdrop, multiple expansion across the peer set appears primarily driven by downward estimate revisions which mechanically inflate valuation multiples despite limited price appreciation.

Elsa Solutions: Peers' Trading Multiples

Peers	EV/Sales (x)		EV/EBITDA (x)		P/E (x)	
	2026E	2027E	2026E	2027E	2026E	2027E
Aliant Peers						
Seri Industrial	1.5	na	11.9	na	<0	na
Energy	0.6	0.5	7.5	4.2	26.0	6.7
Cembre	4.3	4.0	14.1	12.9	23.5	21.4
Tenax Intl.	0.8	0.7	9.6	7.6	<0	28.7
Lion E-Mobility	1.0	0.8	6.5	5.0	8.3	6.2
Microvast	na	na	na	na	28.8	14.1
Aliant Peers - Average	1.7	1.5	9.9	7.4	21.6	15.4
Aliant Peers - Median	1.0	0.7	9.6	6.3	24.8	14.1
E-Motion Peers						
Esautomotion	0.9	0.8	4.5	3.6	16.0	11.3
LU-VE Spa	1.4	1.3	9.9	8.7	19.9	17.4
Marzocchi Pompe	0.5	0.5	4.2	3.5	9.4	6.8
Comer Industries	1.4	1.3	9.5	8.4	20.5	17.3
SIT	0.6	0.5	4.6	3.8	7.6	5.2
E-Motion Peers - Average	1.0	0.9	6.5	5.6	14.7	11.6
E-Motion Peers - Median	0.9	0.8	4.6	3.8	16.0	11.3
Total Average	1.3	1.2	8.2	6.4	17.8	13.5
Total Median	1.0	0.8	8.5	5.0	19.9	12.7

Source: Value Track Analysis

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