

Precision Under Pressure: ELES Converts Momentum into Margins

ADD | Fair Value: €3.19 (€3.12) | Current Price: €1.63 | Upside: +97%

€ Million	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Total Revenues	19.7	26.9	33.7	36.5	41.0	46.3	52.9	59.9
EBITDA	3.2	3.5	5.1	6.0	6.7	8.5	10.1	11.8
margin	16.0%	13.1%	15.0%	16.4%	16.4%	18.3%	19.0%	19.7%
Net Income	0.9	0.7	0.8	1.2	1.6	2.6	3.6	4.8
margin	4.3%	2.4%	2.4%	3.4%	3.9%	5.5%	6.9%	8.1%
EPS	0.06	0.05	0.05	0.07	0.09	0.15	0.21	0.27
NFP/(Cash)	(3.2)	7.9	3.7	(1.4)	(0.8)	(4.2)	(9.1)	(14.6)

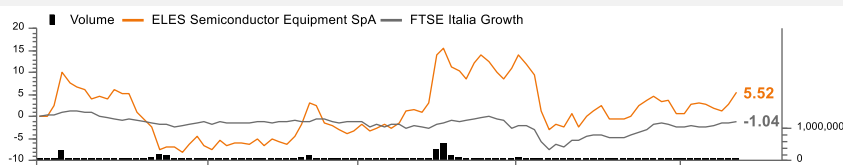
Source: Company data, KT&Partners' elaboration

FY24 Financials. On March 28th, 2025, ELES reported consolidated FY24 results with Sales Revenues of €35.7mn, up 8.9% YoY and slightly above our €35.5mn forecast (+0.6%). The Semiconductors BU (66% of Sales) grew to €23.6mn (+6.9% YoY), driven by industrial demand (AI, HPC, Data Servers), while A&D rose to €12.1mn (+13.0%). Test Systems advanced +15.6% YoY; Test Applications remained stable at €13.6mn. International revenues reached €17.7mn (+7.8% YoY, 49.5% of Sales), led by strong growth in the U.S. (+49.6%) and Asia (+11.2%), offsetting EMEA weakness (-6.2%). Total Revenues amounted to €36.5mn, up 8.6% YoY, slightly above our €36.0mn forecast (+1.5%). Gross Profit rose to €24.5mn (+11.8% YoY), with margin expanding to 67.0% (+2.0p.p.), supported by lower COGS and normalized inventory levels. EBITDA increased to €6.0mn (+18.8% YoY), with 16.4% margin (+1.4p.p.), despite rising personnel costs. EBIT came in at €2.3mn (+8.6% YoY), broadly in line with our €2.2mn forecast, as higher D&A (€3.7mn, +26.4% YoY) offset operating gains. Net income rose to €1.2mn (+54.9% YoY), beating estimates on lower net financial charges. NFP turned to €1.4mn net cash (vs. €3.7mn net debt in FY23), despite €1.9mn R&D capex and a €0.3mn share buyback. The improvement was driven by higher margins and optimized working capital, with inventories down to €8.6mn and DIO falling to 257 days and trade receivables down to €8.1mn (DSO at 68 days) thanks to factoring.

Change in Estimates FY25E revenues were confirmed at €41.0mn (+12.2% YoY), broadly in line with our previous forecast (€41.1mn, -0.2%), with 2H expected to be stronger than 1H. Growth is expected to be driven by Semiconductors (€26.5mn, +12.5% YoY), sustained by AI and HPC demand but still slightly dampened by the Automotive end-market, while A&D (€14.0mn, +15.2%) benefits from rising defense budget. Looking ahead, FY27E revenues were revised up to €52.9mn (+8.9% vs. €48.6mn prior), supported by stronger traction in both divisions and expanding international presence. FY28E revenue is projected at €59.9mn, implying a 13.1% FY24–28E CAGR. EBITDA in FY25E was raised to €6.7mn (+1.8% vs. prior), with a stable 16.4% margin, while FY27E EBITDA was upgraded to €10.1mn (19.0% margin), +16.2% vs. €8.7mn prev., as cost efficiency and operating leverage begin to materialize. Net income in FY25E was slightly lowered to €1.6mn (-13.8%), reflecting higher D&A, but was raised to €3.6mn in FY27E (+23.0% vs. €2.9mn prev.) and €4.8mn in FY28E (+40.4% CAGR), driven by margin expansion and improved cost absorption. Trade Working Capital is projected to reach €11.8mn in FY25E (28.9% of revenues vs. 29.0% in FY24), improving at the inventory level as supply chain constrictions lift off. By FY28E, TWC is expected at €15.3mn (25.5% of sales), aided by lower DIO (257 in FY24 to 240 days in FY28E) and gradual DSO improvement (68 to 64 days). Net cash was revised down to €0.8mn in FY25E (vs. €1.2mn net cash prev.), mainly due to tangible capex related to internalized mechanical operations. However, the deleveraging trend remains intact, with net cash now expected at €9.1mn by FY27E (vs. €8.5mn prev.) and €14.6mn by FY28E.

Valuation. Our valuation - based on DCF and market multiples method (EV/EBITDA and P/E) - returns an average equity value of €56.3mn or a fair value of €3.19ps, showing potential upside of +97% on current market price, implying an EV/EBITDA multiple of 8.2x for FY25E (6.5x for FY26E) and a P/E multiple of 35.4x for FY25E (21.9x for FY26E).

Relative Performance Chart YTD



Source: Factset

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Research Update

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Market Data

Main Shareholders			
Zaffarami Antonio			24.0%
Franceschin Carla			6.2%
Zaffarami Francesca			3.9%
NextStage AM			10.0%
Treasury Shares			3.7%
Mkt Cap (€ mn)			
			28.4
EV (€ mn)			
			27.0
Shares issued (mn)			
			17.6
Free Float (%)			
			52.2%
Market multiples			
	2024	2025E	2026E
EV/EBITDA			
ELES (KT&P Valuation)	9.1x	8.2x	6.5x
ELES (Market Valuation)	5.3x	4.8x	3.8x
Comps median	18.4x	15.3x	13.1x
ELES vs CompsMedian	-71%	-69%	-71%
P/E			
ELES (KT&P Valuation)	45.2x	35.4x	21.9x
ELES (Market Valuation)	22.8x	17.8x	11.0x
Comps median	25.2x	25.6x	20.1x
ELES vs CompsMedian	-9%	-30%	-45%
Stock Data			
52 Wk High (€)			2.38
52 Wk Low (€)			1.33
Avg. Daily Trading 90d			49,524
Price Change 1w (%)			7.0%
Price Change 1m (%)			4.5%

KT&PARTNERS PREPARED THIS DOCUMENT PURSUANT TO AN ENGAGEMENT LETTER ENTERED INTO WITH MIT SIM S.P.A. ACTING AS SPECIALIST IN ACCORDANCE WITH ART. 35 OF EGM MARKET RULES FOR COMPANIES

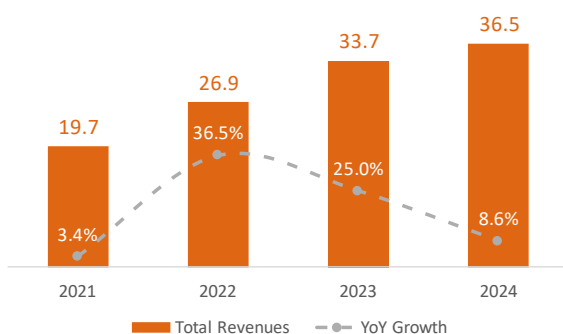
Key Figures – ELES S.p.A.

Current price (€)	Fair Value (€)		Sector					Free Float (%)
1.63	3.19		Semiconductor Testing					52.2%
Per Share Data	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Total shares outstanding (mn)	13.6	13.8	17.6	17.6	17.6	17.6	17.6	17.6
EPS	0.06	0.05	0.05	0.07	0.09	0.15	0.21	0.27
Dividend per share (ord)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Total Revenues	19.7	26.9	33.7	36.5	41.0	46.3	52.9	59.9
EBITDA	3.2	3.5	5.1	6.0	6.7	8.5	10.1	11.8
EBIT	1.1	1.2	2.2	2.3	2.7	4.0	5.5	7.2
EBT	1.1	1.0	1.3	1.9	2.3	3.7	5.2	6.9
Taxes	(0.3)	(0.4)	(0.5)	(0.6)	(0.7)	(1.1)	(1.6)	(2.1)
Tax rate	23%	35%	39%	33%	30%	30%	30%	30%
Net Income	0.9	0.7	0.8	1.2	1.6	2.6	3.6	4.8
Balance Sheet (EUR million)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Total fixed assets	9.2	16.7	18.3	17.1	18.8	18.0	16.5	14.6
Net Working Capital (NWC)	8.0	13.5	14.0	11.1	12.4	13.0	13.9	15.8
Provisions	(0.9)	(1.7)	(1.7)	(1.7)	(2.4)	(3.2)	(3.9)	(4.5)
Total Net capital employed	16.3	28.5	30.6	26.4	28.7	27.8	26.6	25.8
Net financial position/(Cash)	(3.2)	7.9	3.7	(1.4)	(0.8)	(4.2)	(9.1)	(14.6)
Total Shareholder's Equity	19.5	20.6	26.9	27.8	29.4	32.0	35.6	40.4
Cash Flow (EUR million)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Net operating cash flow	2.9	3.1	4.2	5.2	5.9	7.3	8.4	9.7
Change in NWC	(1.7)	(5.5)	(0.5)	2.9	(1.3)	(0.6)	(1.0)	(1.8)
Capital expenditure	(2.4)	(9.5)	(4.2)	(2.0)	(5.4)	(3.4)	(2.8)	(2.6)
Other cash items/Uses of funds	(0.4)	0.5	(0.4)	(0.4)	0.4	0.4	0.5	0.5
Free cash flow	(1.6)	(11.4)	(0.8)	5.8	(0.3)	3.7	5.1	5.8
Enterprise Value (EUR million)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Market Cap	47.9	29.5	39.3	28.6	28.6	28.6	28.6	28.6
Net financial position/(Cash)	(3.2)	7.9	3.7	(1.4)	(0.8)	(4.2)	(9.1)	(14.6)
Enterprise value	44.7	37.3	43.0	27.3	27.9	24.5	19.6	14.0
Ratios	2021	2022	2023	2024	2025E	2026E	2027E	2028E
EBITDA margin	16.0%	13.1%	15.0%	16.4%	16.4%	18.3%	19.0%	19.7%
EBIT margin	5.4%	4.5%	6.4%	6.4%	6.6%	8.7%	10.4%	12.0%
Gearing - Debt/equity	-16.3%	38.3%	13.7%	-5.0%	-2.6%	-13.0%	-25.4%	-36.2%
Interest cover on EBIT	-4.3%	16.4%	38.6%	20.1%	15.6%	9.4%	6.2%	4.3%
NFP/EBITDA	-1.0x	2.2x	0.7x	-0.2x	-0.1x	-0.5x	-0.9x	-1.2x
ROCE	6.6%	4.2%	7.0%	8.8%	9.4%	14.5%	20.8%	27.9%
ROE	4.4%	3.2%	3.0%	4.5%	5.4%	8.0%	10.2%	11.9%
EV/Sales	1.6x	1.2x	1.0x	0.9x	0.8x	0.7x	0.6x	0.5x
EV/EBITDA	10.2x	9.2x	6.4x	5.4x	4.8x	3.8x	3.2x	2.7x
P/E	25.9x	34.3x	35.7x	23.0x	18.0x	11.1x	7.9x	5.9x
Free cash flow yield	-5.6%	-40.9%	-3.0%	20.6%	-1.2%	13.2%	18.4%	20.8%
Growth Rates (%)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Sales	3.4%	36.5%	25.0%	8.6%	12.2%	13.0%	14.2%	13.2%
EBITDA	-10.4%	11.2%	43.7%	18.8%	12.0%	26.0%	18.8%	17.5%
EBIT	-31.2%	12.1%	79.0%	8.6%	15.4%	50.3%	36.3%	30.5%
Net Income	-49.2%	-23.6%	23.0%	54.9%	27.9%	61.5%	41.1%	33.2%

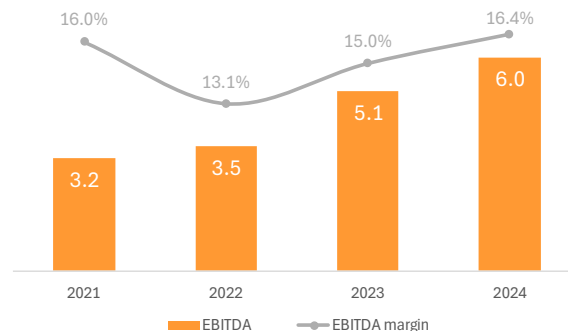
Source: Company Data (2021-2024), KT&Partners' Forecasts (2025-2028)

Key Charts

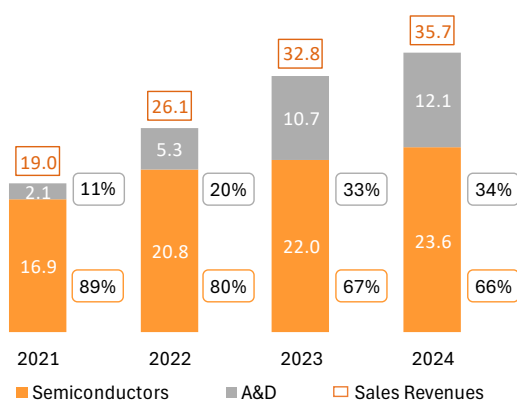
Total Revenues (€mn) and YoY Growth (%)



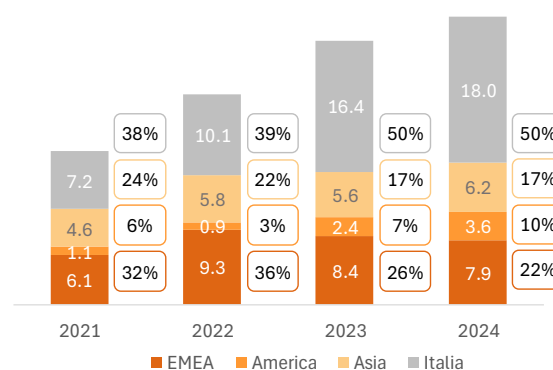
EBITDA and EBITDA Margin (€mn, %)



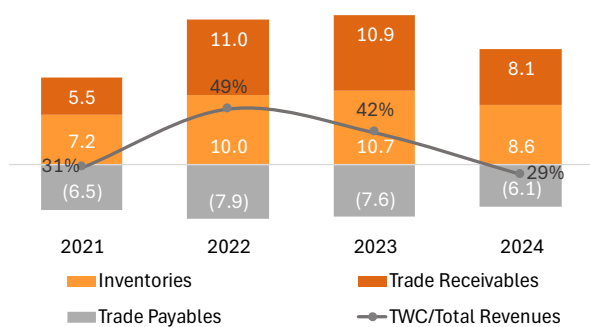
Sales Revenues by Product Line (€mn, %)



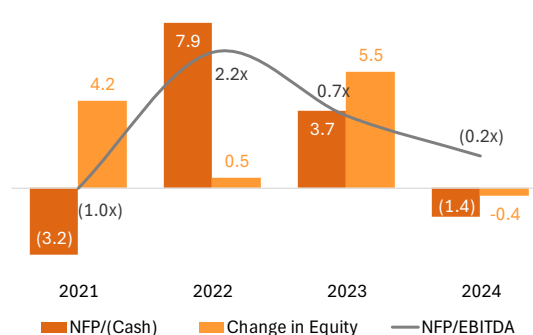
Sales Revenues by Geographic Area (€mn, %)



Trade Working Capital (€mn, %)



NFP, Change in Shareholders Equity and NFP/EBITDA (€mn)



Source: KT&Partners' Elaboration on Company Data (2021-2024)

Overview

Company description

ELES is an Italian company active since 1988 in the market for reliability testing equipment for semiconductors. ELES has developed an innovative semiconductor testing solution (**RETE**) – based on a Test for Reliability approach – which allows for the testing of both the reliability and performance of semiconductor devices, with important advantages in terms of timing and cost savings with respect to traditional tests. The company has also introduced its solutions in the testing market for Electronic Control Units (ECU) for the Automotive and Aerospace & Defense industries.

On June 19th, 2019, ELES became listed on EGM market, raising €6mn. Benefitting from increased brand awareness in Italy and abroad, the company has used IPO proceeds to support its innovation process and market-share expansion through internal and external growth.

Investment case

- **RETE approach to support customers in achieving the “zero-defect” goal.** The RETE approach allows up to 80% of the functional testing to be carried out during the Burn-In phase (*Test-for Reliability*) with important advantages in terms of time and cost savings. Future strategies entail further increased coverage of the functional test, up to 100% (Total Test) on the TfR platform.
- **Constantly innovating and developing new solutions to remain competitive.** Thanks to its 30 years of experience, ELES boasts a rich and continuously updated IP library that forms the basis of the software used to test different semiconductor devices and families. Thanks to an R&D team with strong know-how that continually innovates and designs machine-testing solutions, ELES is able to meet market needs and anticipate competitors' moves.
- **Continued expansion of customer base and portfolio of orders.** Over the years, ELES has acquired new strategic clients in Europe, the Far East, USA, and Israel, increasing its international presence while diversifying its customer base.
- **Setting the Italian Semiconductor Testing District.** Thanks to the new synergies and incoming experience following the acquisitions of Campera and CBL Electronics in January 2022 and October 2022, respectively, ELES aims to define the Italian innovation space that aggregates different semiconductor testing technologies, providing a complete offer from design to production on ATE platforms. The group has also strengthened its positioning in the crucial A&D segment, with an undoubted competitive advantage over competitors thanks to its RETE methodology.

Recent developments

- **New EU Client and Wins in Automotive and Aerospace Sectors.** In April 2025, ELES received a repeat order from a global automotive leader for an ART MTX system dedicated to HTOL qualification of ADAS devices, confirming the system's adoption across the entire ADAS production chain. Additionally, the Company acquired a new European client—an aerospace-focused reliability lab—with a first order for a qualification set, reinforcing ELES's presence in the high-reliability aerospace vertical.
- **New Client in Aerospace & Telecom (USA).** On March 10th, 2025, ELES secured an order from a top-tier US player in the aerospace and satellite communication sectors for its ARTmp system (medium power). The deal strengthens ELES's position in the US market and addresses high-reliability testing needs for SoC and RF devices.
- **A&D Business Unit Contribution to CBL Electronics.** On February 1st, 2025, ELES transferred its Aerospace & Defence business unit into the fully owned subsidiary CBL Electronics S.r.l., increasing its share capital to €150k. The operation follows the December 2024 merger with Campera Electronic System and aims to streamline governance and resource allocation within the Group's dual-division structure (Semiconductors and A&D).
- **New Order Acquisition from Silicon Valley Lab.** On January 13th, 2025, ELES announced securing a new order from an established Silicon Valley laboratory to supply a full Qualification Set for a high-power SoC device. The order attests the effectiveness of the Company's expansion strategy in the US market, gaining a new customer—a leader in the Communication market, which selected ELES's ARThpH system and proprietary RETE methodology for reliability testing. Additionally, the order reflects ELES's ongoing commitment to drive value through technological innovation, anticipating emerging needs in high-growth markets. Notably, with the high-power SoC market projected to grow at a 12–15% CAGR from 2024 to 2030, this achievement consolidates ELES's position in the global semiconductor test market and reaffirms its commitment to support industry leaders in mission-critical, AI-driven applications.
- **Expansion in the Biomedical Sector with a New Strategic Client.** On December 23rd, 2024, ELES announced the acquisition of a new key client in the biomedical sector with a significant order for the ARTgp system. The solution based on the ART520 platform and RETE methodology, marks the company's entry into high-reliability SoC testing for medical applications, expanding its reach into a new mission-critical vertical.
- **Angelantoni Test Technologies S.r.l. Partnership.** On December 6th, 2024, ELES entered a strategic alliance with Angelantoni Test Technologies to co-develop advanced thermal and environmental stress testing systems. The collaboration targets Automotive and A&D markets, reinforces international commercial reach, and includes joint R&D, training programs, and demo centers for mission-critical applications.
- **Fraunhofer Institute Partnership.** On November 19th, 2024, ELES partnered with Fraunhofer ENAS to establish a Test & Reliability Center in Chemnitz (DE), integrating ELES's ARThp system and RETE methodology. The initiative aims to enhance semiconductor testing through predictive analytics and supports the EU's strategic autonomy in the chip supply chain.
- **Application for a new patent.** In March 2024, ELES filed a patent application for Wafer-level Testing solution for devices in SiC&Gan technology, for which strong growth is expected in the coming years, demonstrating its commitment to establish a strong intellectual property position.

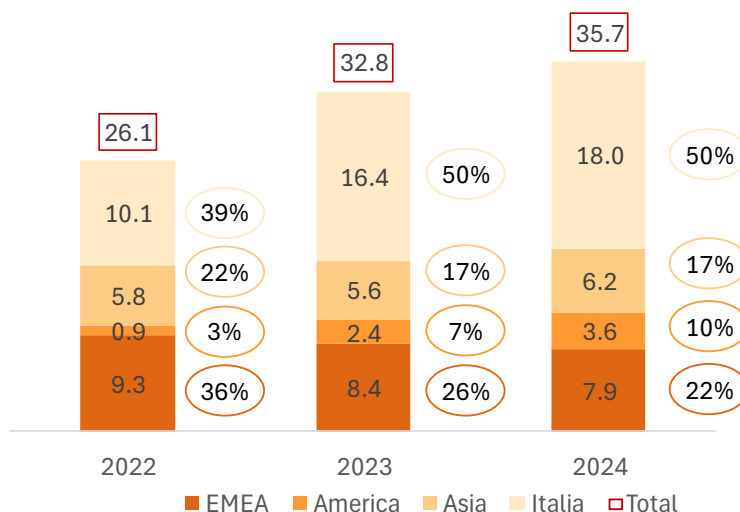
FY24 Financial Results

On March 28th, 2025, ELES published its consolidated FY24 results. The Company posted €35.7mn in Sales Revenues, up 8.9% YoY from €32.8mn in FY23, marginally above our €35.5mn FY24E estimate (+0.6%).

Growth was driven by the Semiconductors BU (66% of FY24 Sales), with revenues rising 6.9% YoY to €23.6mn (vs. €22.0mn in FY23), broadly in line with the ICs Automated Test Equipment market recovery (+14% YoY) and follows a year in which ELES had already outperformed the sector (+6.2% in FY23) during a sharp -16% downturn. This consistency underscores the Group's resilience and low exposure to industry cyclicality, further reinforced by a solid outperformance relative to the Burn-In subsegment (-7% YoY). Within the Semiconductors BU, the Industrial end market posted the highest momentum, growing 30% YoY, driven by strong demand from AI, High Performance Computing, and Data Server applications. The Automotive end-market, after experiencing a significant contraction in 1H24, remained broadly flat YoY (-2%) thanks to a small recovery in 2H. The Test Systems line grew 15.6% YoY, while Test Applications—a distinctive and resilient revenue stream based on ELES's RETE methodology—remained stable at €13.6mn. Aerospace & Defense, ELES's other BU, reached €12.1mn in Revenues, up 13.0% YoY, supported by renewed defense investments in Italy and Europe and continued momentum in the aerospace segment.

From a geographical standpoint, international revenues grew by 7.8% YoY to €17.7mn in FY24, accounting for 49.5% of total sales, in line with FY24. America led the growth, with revenues up 49.6% YoY to €3.6mn in FY24, followed by Asia at €6.2mn (+11.2%), while EMEA declined to €7.9mn (-6.2%). Growth in Asia was driven by ELES's entry into the Indian market via an agreement with Manakin Enterprise (IHE Group). In the U.S., ELES strengthened its position through repeat orders for the ART hpH system and collaborations in Silicon Valley.

Sales Revenues by Geographic Area (€mn, %)



Source: KT&Partners' elaboration on Company Data (2022-2024)

Overall, Total Revenues reached €36.5mn in FY24, up 8.6% YoY from €33.7mn in FY23, slightly above our FY24E estimate of €36.0mn (+1.5%).

Gross Profit increased by 11.8% YoY to €24.5mn in FY24 (vs. €21.9mn in FY23), beating our FY24E projection of €23.6mn by 3.6%. Gross Margin (on Total Revenues) expanded to 67.0% (+2.0 p.p. from 65.0% in FY23). This was driven by a declining COGS incidence over Total

Revenues, which improves to 33% in FY24 (from 35% in FY23, 2 p.p.) reflecting the Company's efforts in reducing inventory levels—previously inflated by supply chain disruptions.

EBITDA rose to €6.0mn in FY24, up 18.8% YoY from €5.1mn in FY23 and 12.1% above our €5.4mn FY24E forecast. EBITDA margin (on Total Revenues) improved to 16.4% in FY24 (from 15.0% in FY23), despite higher Personnel Expenses, which increased from 26.0% of FY23 Total Revenues (€8.7mn) to 27.9% in FY24 (€10.2mn in FY24), driven by headcount expansion, wage inflation, and the expensing of the majority of non-capitalized R&D investments. On the other hand, Cost of Services—the Company's second largest OPEX item, covering indirect personnel, consulting services, and software—fell from 20.5% (€6.9mn) of FY23 Total Revenues to 20.0% (€7.3mn) in FY24, as ongoing investments in digitalization and technical support are mitigated by efficiency gains, as the Company begun to internalize some functions.

EBIT reached €2.3mn in FY24, up 8.6% YoY (from €2.2mn in FY23) and slightly above our €2.2mn projection (+3.9%). Despite a significant improvement in EBITDA, EBIT margin remained unchanged YoY at 6.4% in FY24, reflecting a sharp increase in D&A, which rose to €3.7mn in FY24 (+26.4% YoY from €2.9mn in FY23), driven by higher amortization in A&D Business Unit, as well as accelerated write-downs of some capitalized projects, whose timelines and performance were reassessed. Net Income climbed to €1.2mn, growing 54.9% YoY (vs. €0.8mn in FY23), and beating our €1.0mn FY24E estimate by 19.8%. Net Margin improved to 3.4% (vs. 2.4% in FY23), supported by lower net financial charges (€0.5mn in FY24 vs. €0.8mn in FY23).

On the Balance Sheet side, the Net Financial Position improved significantly, moving from €3.7mn net debt at FY23 year-end to €1.4mn net cash in FY24. This turnaround was achieved despite €1.9mn investments in R&D and the execution of ELES's first share buyback program, which saw the repurchase of 219k shares for a total outlay of €313k (avg. buyback share price of c.€1.43). Strong cash generation was driven by a combination of i) higher operating margins and ii) efficient working capital management, linked to a sharp reduction in trade receivables (€8.1mn vs. €10.9mn) as factoring programs begin to mitigate the pressure, particularly in the A&D division, and improved DIO, falling from 326 days in FY23 to 257 in FY24 (inventory levels at €8.6mn in FY24 vs. €10.7mn in FY23), reflecting a normalization of supply chain dynamics and tighter inventory control.

FY22-24 Income Statement

€ million	FY22	FY23	FY24	YoY %	FY24E	A vs E %
Sales Revenues	26.1	32.8	35.7	8.9%	35.5	0.6%
Other Revenues	0.8	0.9	0.8	-3.7%	0.5	58.0%
Total Revenues	26.9	33.7	36.5	8.6%	36.0	1.5%
<i>Growth %</i>	36.5%	25.0%	8.6%			
Products and Raw materials	(11.9)	(11.8)	(12.1)	2.6%	(12.4)	-2.5%
Gross Profit	15.1	21.9	24.5	11.8%	23.6	3.6%
<i>Gross Margin</i>	56.0%	65.0%	67.0%	1.9%	65.6%	
Cost of Services	(5.8)	(6.9)	(7.3)	6.1%	(7.5)	-1.8%
Personnel Expenses	(5.2)	(8.7)	(10.2)	16.7%	(9.5)	7.1%
Other Operating Expenses	(0.5)	(1.2)	(0.9)	-21.1%	(1.3)	-27.1%
EBITDA	3.5	5.1	6.0	18.8%	5.4	12.1%
<i>EBITDA margin</i>	13.1%	15.0%	16.4%	1.4%	14.9%	
<i>Growth %</i>	11.2%	43.7%	18.8%		6.0%	
D&A and Provisions	(2.3)	(2.9)	(3.7)	26.4%	(3.1)	
EBIT	1.2	2.2	2.3	8.6%	2.2	3.9%
<i>EBIT margin</i>	4.5%	6.4%	6.4%	0.0%	6.2%	
<i>Growth %</i>	12.1%	79.0%	8.6%			
Financial Income and Expenses	(0.2)	(0.8)	(0.5)		(0.5)	
Extraordinary items	0.0	0.0	0.0		0.0	
EBT	1.0	1.3	1.9	41.3%	1.7	9.3%
Taxes	(0.4)	(0.5)	(0.6)		(0.7)	
<i>Tax Rate</i>	35.0%	39.2%	33.3%		39.2%	
Net Income	0.7	0.8	1.2	54.9%	1.0	19.8%
<i>Net margin</i>	2.4%	2.4%	3.4%	1.0%	2.9%	
<i>Growth %</i>	-23.6%	23.0%	54.9%		2.9%	

Source: KT&Partners' Elaboration on Company Data (2022-2024), KT&P's old Estimates (2024)

FY22-24 Balance Sheet

€ million	FY22	FY23	FY24	Delta
Intangible	8.6	10.3	9.8	(0.5)
Tangible	7.1	7.6	6.9	(0.7)
Other LT Assets	0.5	0.4	0.4	(0.1)
Fixed Assets	16.7	18.3	17.1	(1.3)
Trade receivables	11.0	10.9	8.1	(2.8)
Inventory	10.0	10.7	8.6	(2.0)
Trade Payables	(7.9)	(7.6)	(6.1)	1.5
Trade Working Capital	13.1	14.0	10.6	(3.4)
Other assets and liabilities	0.4	(0.0)	0.5	0.5
Net Working Capital	13.5	14.0	11.1	(2.9)
Other Provisions	(1.7)	(1.7)	(1.7)	(0.0)
Net Capital Employed	28.5	30.6	26.4	(4.2)
Group shareholders' equity	20.6	26.9	27.8	0.9
Minority shareholders' equity	0.0	0.0	0.0	0.0
Total shareholders' equity	20.6	26.9	27.8	0.9
Short-term debt / Cash (-)	(8.5)	(7.1)	(10.7)	(3.6)
Long-term liabilities	16.4	10.8	9.4	(1.4)
Net Financial Position / (Cash)	7.9	3.7	(1.4)	(5.1)
Sources	28.5	30.6	26.4	(4.2)

Source: KT&Partners' Elaboration on Company Data (2022-2024)

Change in Estimates

Following the release of FY24 financials, we have revised our estimates for ELES over the FY25–FY27E period and introduced projections for FY28E.

We now expect Total Revenues to reach €41.0mn in FY25E, up 12.2% YoY from €36.5mn in FY24 and broadly in line with our previous estimate of €41.1mn (-0.2%). As in prior years, we expect revenue generation to accelerate in 2H, reflecting contract conversions from lead generation efforts concentrated in 1H. The Semiconductors BU is set to grow 12.5% YoY to €26.5mn (65% of Sales) in FY25E, supported by accelerating demand in AI and High-Performance Computing (HPC) solutions, which counterbalances residual weakness in the Automotive end-market, especially in 1H. The Aerospace & Defense segment is expected to reach €14.0mn in FY25E (35% of Sales), up 15.2% YoY, driven by structural tailwinds from rising European defense budgets and renewed alignment with NATO spending targets amid ongoing geopolitical instability. Looking ahead, we project Total Revenues to reach €52.9mn in FY27E, up 8.9% from our previous estimate of €48.6mn, and €59.9mn by FY28E (13.1% FY24–28E CAGR). Improved growth is supported by the Semiconductor BU, forecasted to rise to €39.2mn in FY28E (CAGR 13.6%), supported by the continued ramp-up of HPC and AI applications, as well as continued international expansion—including India. Additionally, the A&D segment is expected to grow to €20.2mn (CAGR 13.5%) as the Group further strengthens its position in the defense value chain. The Semiconductor division is forecasted to rise

At the profitability level, EBITDA is projected to reach €6.7mn in FY25E, up 12.0% YoY and slightly above our previous estimate of €6.6mn (+1.8%), with EBITDA margin remaining stable YoY at 16.4% (vs our previous estimate of 16.1%). EBITDA is expected to rise to €10.1mn in FY27E (19.0% margin), 16.2% above our previous estimate of €8.7mn (17.8%), and reach €11.8mn by FY28E, (19.7% margin), supported by enhanced cost control and operating leverage. COGS are expected to decline gradually, from 34.1% of FY25 Total Revenues to 33.6% by FY28E, thanks to lower production costs from internalized mechanical work and the phase out of supply chain constrictions. Additionally, Personnel Expenses, which represented 27.9% of Total Revenues in FY24, are expected to decline to 26.9% in FY25E, and further reduce to 25.1% in FY27E and 24.7% by FY28E, thanks to the non-linear scalability of the fixed cost component. Finally, the Company is progressively internalizing some outsourced service functions, resulting in a gradual reduction in the cost of services (falling from 20.0% over FY24 Total Revenues to 19.2% in FY27E and 19.0% by FY28E).

EBIT FY25E estimates have been revised downward to €2.7mn (from €3.6mn, -24.6%), reflecting updated depreciation assumptions. It is now expected to recover to €5.5mn by FY27 (broadly in line with our previous estimate of €5.4mn) and to reach €7.2mn by FY28E, representing a robust 32.6% 2024–28E CAGR, despite sustained yearly CAPEX, weighing on D&A. Net income forecasts have been slightly reduced for FY25E to €1.6mn (from €1.8mn, -13.8%), largely reflecting the lower EBIT base. Nonetheless, bottom-line growth is projected to accelerate from FY26E onward, reaching €3.6mn in FY27E (23% above our previous estimate of €2.9mn) and €4.8mn by FY28E, implying a 40.4% FY24–28E CAGR.

Moving on to the Balance Sheet, Trade Working Capital (TWC) needs are expected to decline, with TWC/Total Revenues projected to fall to 28.9% in FY25E from 29.0% in FY24 (€11.8mn in absolute terms). This improvement is primarily driven by a reduction in DIO, projected to decline from 257 days in FY24 (€8.6mn) to 246 days in FY25E (€9.5mn), reflecting the normalization of inventory levels as supply chain disruptions continue to ease and as the Company feeds off of its pre-existing inventory. This dynamic is expected to offset a slight increase in DSO—from 68 days in FY24 (€8.1mn) to 71 days in FY25E (€9.6mn)—linked to the deferral to FY26E of cash collection for some orders expected to be generated in 2H25E. Looking ahead, TWC/Total Revenues is expected to progressively decline to 25.5% by FY28E

(€15.3mn), reflecting i) the gradual improvement in DIO, which is forecasted to decline to 240 days by FY28E (€13.4mn), as well as ii) normalization in DSO, expected at 64 days by FY28E.

Net Financial Position has been moderately revised across the forecast years. Starting from a net cash position of €1.4mn in FY24 year-end, we project a €0.6mn deterioration to €0.8mn net cash by FY25E (previously expected only a €0.2mn decline to €1.2mn net cash), mainly due to sustained investment activity. The change is explained by: (i) €6.7mn of EBITDA generation (€6.6mn in previous estimates), (ii) c.€1.1mn of cash absorption from taxes and financial expenses (below the €1.7mn absorption previously estimated), (iii) €1.3mn of cash absorption from higher trade working capital requirements (€0.8mn prev. est.) linked to inventory buildup and topline growth, (iv) c.€5.4mn of CAPEX largely dedicated to internalizing mechanical operations, well above the €2.9mn previously expected, and v) €0.4mn cash in from other operating adjustments (i.e. provisions). Looking ahead, we expect a continuous improvement, reaching a net cash position of €9.1mn in FY27E (vs. €8.5mn prior) and €14.6mn by FY28E.

Change in Estimates

€ mn	2024E	2024	Change	2025E	2025E	Change	2026E	2026E	Change	2027E	2027E	Change	2028E	CAGR 24-28
	Old	Actual		Old	New		Old	New		Old	New		New	New
Total Revenues	36.0	36.5	1.5%	41.1	41.0	-0.2%	45.6	46.3	1.7%	48.6	52.9	8.9%	59.9	13.1%
<i>YoY Change (%)</i>	<i>7.0%</i>	<i>8.6%</i>		<i>14.2%</i>	<i>12.2%</i>		<i>10.8%</i>	<i>13.0%</i>		<i>6.6%</i>	<i>14.2%</i>		<i>13.2%</i>	
EBITDA	5.4	6.0	12.1%	6.6	6.7	1.8%	7.8	8.5	8.5%	8.7	10.1	16.2%	11.8	18.5%
<i>YoY Change (%)</i>	<i>6.0%</i>	<i>18.8%</i>		<i>23.3%</i>	<i>12.0%</i>		<i>18.3%</i>	<i>26.0%</i>		<i>10.9%</i>	<i>18.8%</i>		<i>17.5%</i>	
<i>EBITDA Margin</i>	<i>14.9%</i>	<i>16.4%</i>	<i>1.6%</i>	<i>16.1%</i>	<i>16.4%</i>	<i>0.3%</i>	<i>17.1%</i>	<i>18.3%</i>	<i>1.1%</i>	<i>17.8%</i>	<i>19.0%</i>	<i>1.2%</i>	<i>19.7%</i>	
EBIT	2.2	2.3	3.9%	3.6	2.7	-24.6%	4.7	4.0	-13.3%	5.4	5.5	2.5%	7.2	32.6%
<i>YoY Change (%)</i>	<i>4.5%</i>	<i>8.6%</i>		<i>59.1%</i>	<i>15.4%</i>		<i>30.7%</i>	<i>50.3%</i>		<i>15.3%</i>	<i>36.3%</i>		<i>30.5%</i>	
Net Income	1.0	1.2	19.8%	1.8	1.6	-13.8%	2.5	2.6	2.2%	2.9	3.6	23.0%	4.8	40.4%
<i>YoY Change (%)</i>	<i>29.3%</i>	<i>54.9%</i>		<i>77.7%</i>	<i>27.9%</i>		<i>36.2%</i>	<i>61.5%</i>		<i>17.3%</i>	<i>41.1%</i>		<i>33.2%</i>	
NFP / (Cash)	0.4	(1.4)	(1.8)	(1.2)	(0.8)	0.4	(3.9)	(4.2)	(0.3)	(8.5)	(9.1)	(0.5)	(14.6)	

Source: KT&P's estimates, Company Data

Valuation

Following ELES' future financials projections, we have carried out our valuation using multiple and DCF methods. Our valuation is based on 17.6mn shares and is the result of:

- **EV/EBITDA and P/E multiples:** with a 20% liquidity discount, which returns a value of €3.79ps;
- **DCF analysis** based on WACC of 13.0% and 2.0% perpetual growth, which returns a value of €2.60ps.

The average of the two methods yields a fair value of €3.19ps or an equity value of €56.28mn, implying an EV/EBITDA multiple of 8.2x for FY25E (6.5x for FY26E) and a P/E multiple of 35.4x for FY25E (21.9x for FY26E).

Valuation Recap		
	Equity Value €mn	Value per share €
EV/EBITDA	78.2	4.44 €
P/E	40.1	2.27 €
Weighted Average Multiple	66.8	3.79 €
DCF	45.8	2.60 €
Average	56.28	3.19 €

Source: FactSet, KT&Partners' elaboration

Market Multiples Valuation

Following our comps analysis, we evaluate the company by using the 2025–26E EV/EBITDA and P/E market multiples of the peer sample. Our valuation also includes a 20% liquidity/size discount and considers our estimates of ELES’ EBITDA and Net income for 2025 and 2026.

Peer Comparison – Market Multiples 2024–27													
Company Name	Exchange	Market Cap	EV/SALES 2024	EV/SALES 2025	EV/SALES 2026	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBITDA 2026	EV/EBITDA 2027	P/E 2024	P/E 2025	P/E 2026	P/E 2027
Advantest Corp.	Tokyo	31,389	6.0x	5.7x	5.1x	18.4x	15.3x	13.1x	11.2x	33.0x	24.9x	21.5x	19.0x
Aehr Test Systems	NASDAQ	223	3.8x	3.1x	2.5x	n.a.	n.a.	n.a.	n.a.	n.m	49.0x	20.1x	n.a.
Chroma Ate Inc.	Taiwan	3,960	6.1x	4.9x	4.4x	20.3x	15.1x	13.3x	11.8x	26.3x	18.2x	17.0x	15.3x
Teradyne, Inc.	NASDAQ	11,022	3.9x	4.1x	3.5x	15.7x	16.9x	12.5x	10.2x	24.1x	26.2x	18.5x	15.0x
Technoprobe SpA	Milan	3,988	6.1x	5.2x	4.5x	24.1x	17.0x	13.6x	11.1x	n.m	41.7x	31.3x	24.2x
Fae Technology S.P.A	Milan	51	0.8x	0.7x	0.6x	7.3x	6.3x	4.9x	3.8x	10.8x	8.1x	n.a.	n.a.
Average peer group		8,439	4.5x	3.9x	3.4x	17.2x	14.1x	11.5x	9.6x	23.5x	28.0x	21.7x	18.4x
Median peer group		3,974	5.0x	4.5x	3.9x	18.4x	15.3x	13.1x	11.1x	25.2x	25.6x	20.1x	17.1x
ELES S.p.A.	Milan	28	0.7x	0.7x	0.6x	4.5x	4.0x	3.2x	2.7x	22.8x	17.8x	11.0x	7.8x

Source: FactSet, KT&Partners’ Elaboration

EV/EBITDA Multiple Valuation		
Multiple Valuation (€mn)	2025E	2026E
EV/EBITDA Comps	14.1x	11.5x
ELES S.p.A. EBITDA	6.7	8.5
Enterprise value	94.9	97.2
Average Enterprise Value	96.1	
Liquidity/Size Discount	20%	
Enterprise Value Post-Discount	76.8	
Eles S.p.A. FY24 NFP	-1.4	
Minorities FY22	0.0	
Equity Value	78.2	
Number of shares (mn)	17.6	
Value per share	4.4	

Source: FactSet, KT&Partners’ Elaboration

P/E Multiple Valuation		
Multiple Valuation (€mn)	2025E	2026E
P/E Comps	28.0x	21.7x
ELES S.p.A. Net Income	1.6	2.6
Equity Value	44.5	55.7
Average Equity Value	50.1	
Liquidity/Size Discount	20%	
Equity Value Post-Discount	40.1	
Number of shares (mn)	17.6	
Value per Share €	2.3	

Source: FactSet, KT&Partners’ Elaboration

DCF Valuation

We have also performed our valuation using a four-year DCF model, based on a 15% cost of equity, 5.0% cost of debt and a target capital structure with 20% debt. The cost of equity is a function of the risk-free rate of 3.71% (Italian 10y BTP), 5.37% equity risk premium (Damodaran's country risk premium for Italy) and a premium for size at 3.3%. We therefore obtained 13.0% WACC.

We discounted 2025–28E annual cash flows and considered a terminal growth rate of 2.0%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation

€ million	2025E	2026E	2027E	2028E
EBIT	2.7	4.0	5.5	7.2
Taxes	(0.8)	(1.2)	(1.7)	(2.2)
D&A	3.7	4.1	4.3	4.5
Change in Net Working Capital	(1.3)	(0.6)	(1.0)	(1.8)
Net Operating Cash Flow	5.1	7.1	7.9	8.4
Capex	(5.4)	(3.4)	(2.8)	(2.6)
FCFO	(0.3)	3.7	5.1	5.8
g	2.0%			
Wacc	13.0%			
Discounted Cumulated FCFO	10.1			
TV	53.5			
TV (discounted)	34.3			
Enterprise Value	44.4			
FY24 NFP	(1.4)			
Minorities FY24	-			
Equity Value	45.8			
Current number of shares (mn)	17.6			
Value per share (€)	2.60			

Source: Company data, KT&Partners' elaboration

DCF Sensitivity Analysis

€ million	WACC					
Terminal growth rate		13.5%	13.3%	13.0%	12.8%	12.5%
	1.5%	42.2	43.1	44.1	45.2	46.3
	1.8%	42.9	43.9	44.9	46.0	47.2
	2.0%	43.6	44.7	45.8	46.9	48.1
	2.3%	44.4	45.5	46.7	47.8	49.1
	2.5%	45.3	46.4	47.6	48.8	50.1

Source: Company data, KT&Partners' elaboration

Appendix

Peer Comparison

To define ELES' peer sample, we carried out an in-depth analysis of listed companies active in the ATE, Burn-In, and System-Level Test markets. Of notice, ATE market leaders (i.e., Advantest and Teradyne) have moved toward the Burn-In/System-Level Test market through M&A activities. We built a sample of six companies:

- **Advantest Corp.:** listed on the Tokyo stock exchange with a market capitalization of €24.6bn, Advantest Corp. is the leading producer of ATE for the semiconductor industry and a manufacturer of mechatronic products used in the design and production of electronic instruments and systems. In FY23, the company reached revenues of €3.1bn. It operates through the: i) Semiconductor and Components Test Systems segment, which offers test systems for the semiconductor and electronic component industries, with a particular focus on DRAM and on SoC; ii) Mechatronic segment that provides the semiconductor devices handling mechatronic applied products such as testers, handlers, device interfaces, and nanotechnology products; iii) Others segment that is involved in customer solution, support, and equipment-leasing services;
- **Aehr Test Systems:** listed on NASDAQ with a market capitalization of €356mn, Aehr Test Systems engages in the design, manufacture, and marketing of test and burn-in products to the semiconductor manufacturing industry. Its products include wafer contact test systems, test during burn-in systems, test fixtures, and dye carriers. In FY23, the company reached revenues of €60mn;
- **Chroma ATE Inc.:** listed on the Taiwan stock exchange with a market capitalization of €3.4bn, Chroma ATE Inc. engages in the design and manufacture of precision electronic measuring instruments. Its products include a power electronics test, electric vehicle test, battery test and automation, passive component test, electrical safety test, video and color test, flat panel display test, lighting and driver test, optical devices test, photovoltaic and inverter test, automated optical inspection, semiconductor and integrated circuit test, manufacturing execution systems, turnkey test, and automation solutions. In FY23, the company reached revenues of €0.6bn;
- **Teradyne Inc.:** Listed on NASDAQ with a €20.6bn market cap, Teradyne Inc. supplies automation equipment for test and industrial applications. In FY23, it generated €2.5bn in revenue. The company operates through four segments: i) Semiconductor Test – wafer-level and device-package testing solutions; ii) Systems Test – including defense, aerospace, storage, and board test systems; iii) Wireless Test – equipment for testing wireless devices like smartphones and PCs; iv) **Industrial Automation** – collaborative robots for factory environments.
- **Technoprobe SpA:** listed on Milan Stock Exchange with a market capitalization of €5.8bn, Technoprobe SpA engages in the development, design, and manufacture of probe cards used for testing non-memory or system-on-chip semiconductors. In FY23, the company reached revenues of €0.4mn.
- **FAE Technology SpA:** listed on the Milan Stock Exchange with a market capitalization of €70mn, FAE Technology SpA provides PoC development, industrial design, prototyping and manufactures embedded, and custom electronics products. It is able to develop a solution to validate its effective transformation into an industrial product. The company reached €61mn of revenues in FY23.

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- HOLD – FOR A FAIR VALUE <15% AND >-15% ON CURRENT PRICE
- REDUCE – FOR A FAIR VALUE < -15% ON CURRENT PRICE



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