

Rewiring Growth: ELES Rebalances to Scalable Solutions

ADD | Fair Value: €3.11 (€3.19) | Current Price: €2.13 | Upside: +46%

€mn	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Sales Revenues	19.0	26.1	32.8	35.7	37.9	42.8	48.9	56.7
Total Revenues	19.7	26.9	33.7	36.5	38.4	43.4	49.7	57.5
EBITDA	3.2	3.5	5.1	6.0	6.5	8.1	9.7	11.6
margin	16.0%	13.1%	15.0%	16.4%	16.9%	18.7%	19.5%	20.1%
Net Income	0.9	0.7	0.8	1.2	1.2	2.3	3.5	5.1
Free Cash Flows	(1.7)	(0.2)	(1.4)	0.3	(1.9)	2.4	3.7	4.6
Net Debt (Net Cash)	(3.2)	7.9	3.7	(1.4)	(1.4)	(4.7)	(9.3)	(14.9)

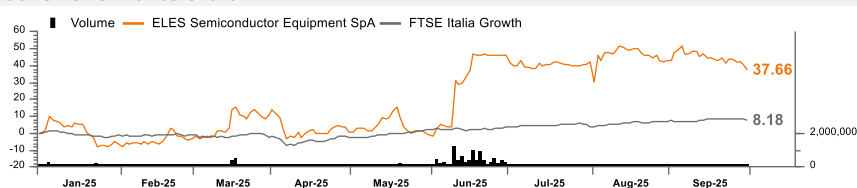
Source: Company Data (2021-2024), KT&Partners' Forecasts (2025-2028)

1H25 Financial Results. On September 26th, ELES reported 1H25 revenues of €14.0mn (-8.6% YoY, in line with estimates), reflecting a marked shift in product mix. Semiconductor BU declined 17% YoY to €8.4mn, pressured by weak automotive demand (-42% YoY), partly offset by industrial growth in AI/HPC applications (+28% YoY, consistent with global ATE trends). Test Applications (RETE methodology) still accounted for 35% of sales, while Test Systems rose 4% YoY on new AI and industrial clients. Aerospace & Defence BU grew 8% YoY to €5.6mn, validating its pivot toward standardized solutions. International revenues fell 14% YoY to €5.9mn (42% of sales vs. 45% in 1H24), with steep declines in EMEA (-48% YoY) and Asia (-46% YoY) tied to automotive weakness, offset by a doubling in Americas revenues (€2.9mn, 21% of sales vs. 7% in 1H24) on strong AI/HPC demand. Profitability contracted as EBITDA halved to €1.1mn (7.8% margin vs. 14.3% in 1H24), in line though with expectations (€1.0mn), weighed by higher outsourced processing costs (within Cost of Services, which grew 15% YoY) and higher personnel expenses (+4% YoY) for operational strengthening. Net loss reached €1.0mn (vs. €0.3mn profit in 1H24), impacted by €0.3mn EUR/USD FX losses. Despite €1.4mn in CAPEX, net cash improved to €1.9mn (vs. €1.4mn FY24), supported by operating cash flow and efficient working capital.

Change of estimates. Following 1H25 results, we forecast FY25E sales revenues at €37.9mn (6.2% YoY from €35.7mn), slightly below our previous projection (€40.5mn), mainly due to a softer outlook for the Semiconductors BU. Semiconductor revenues are expected to grow at a single-digit pace in FY25E, with the recovery of the automotive end-market postponed to FY26; however, demand from Industrials and AI applications, coupled with new client acquisitions across USA and Asia, will provide support. A&D is projected at €13.1mn in FY25E, -6.2% vs. prev., as the transition toward standardized test systems temporarily curbs growth to +8% YoY but strengthens long-term scalability. FY25E EBITDA is expected at €6.5mn (€6.7mn prev.), though with a higher margin of 16.9% (16.4% prev.), reflecting the growing contribution of standardized solutions. NFP is set to remain stable at €1.4mn net cash in FY25E, supported by €6.5mn of EBITDA generation, efficient inventory management (DIO at 122 days; 134 in FY24), lower CAPEX (€4.2mn), and contained TWC absorption. Overall, FY25E reflects a year of moderate top-line growth, margin improvement through scalability, and solid cash generation.

Valuation. Our valuation – based on DCF and market multiples method (EV/EBITDA and P/E) – which returns an average equity value of €52.2mn or a fair value of €3.11ps, showing potential upside of +46% on current market price, implying an EV/EBITDA multiple of 8.1x for FY25E (6.4x for FY26E).

Relative Performance Chart YTD



Source: Factset

Research Update

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Market Data

Mkt Cap (€ mn)	36.5
EV (€ mn)	35.0
Shares issued (mn)	17.8
Free Float (%)	25.2%

Market multiples	2024	2025E	2026E
EV/EBITDA			
ELES (KT&P Valuation)	8.7x	8.1x	6.4x
ELES (Market Valuation)	5.9x	5.4x	4.3x
Comps Average	19.2x	16.9x	13.5x
ELES vs Comps Average	-69%	-68%	-68%
P/E			
ELES (KT&P Valuation)	42.0x	43.6x	22.9x
ELES (Market Valuation)	29.8x	30.4x	16.0x
Comps Average	36.4x	37.2x	24.4x
ELES vs Comps Average	-18%	-18%	-34%

Stock Data

Avg. Daily Turnover 90d (€k)	61.6
Price Change 1w (%)	-4.5%
Price Change 1m (%)	-3.2%
Price Change YTD (%)	38.3%

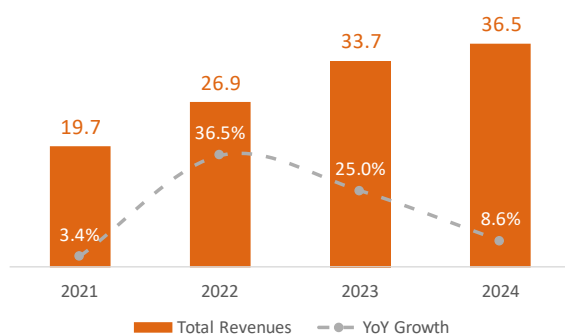
Key Figures

Per Share Data	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Total shares outstanding (mn)	13.6	17.6	17.6	17.4	17.1	17.1	17.1	17.1
EPS	0.06	0.04	0.05	0.07	0.07	0.13	0.20	0.30
Profit and Loss (€mn)								
Sales Revenues	19.0	26.1	32.8	35.7	37.9	42.8	48.9	56.7
Total Revenues (VoP)	19.7	26.9	33.7	36.5	38.4	43.4	49.7	57.5
growth (%)	3%	37%	25%	9%	5%	13%	14%	16%
EBITDA	3.2	3.5	5.1	6.0	6.5	8.1	9.7	11.6
EBITDA margin (%)	16.0%	13.1%	15.0%	16.4%	16.9%	18.7%	19.5%	20.1%
EBIT	1.1	1.2	2.2	2.3	2.5	3.8	5.4	7.6
EBIT margin (%)	5.4%	4.5%	6.4%	6.4%	6.5%	8.8%	10.9%	13.2%
Net Income	0.9	0.7	0.8	1.2	1.2	2.3	3.5	5.1
Net Profit margin (%)	4.3%	2.4%	2.4%	3.4%	3.1%	5.3%	7.0%	8.9%
Net Income attributable to the Group	0.9	0.7	0.8	1.2	1.2	2.3	3.5	5.1
Balance Sheet (€mn)								
Total fixed assets	9.2	16.7	18.3	17.1	17.6	16.9	15.6	14.4
Net Working Capital (NWC)	8.0	13.5	14.0	11.1	11.6	12.0	12.8	14.2
Provisions	(0.3)	(0.6)	(0.4)	(0.5)	(0.9)	(1.1)	(1.3)	(1.4)
Total Net capital employed	16.3	28.5	30.6	26.4	26.8	25.8	24.7	24.2
Net financial position/(Cash)	(3.2)	7.9	3.7	(1.4)	(1.4)	(4.7)	(9.3)	(14.9)
Group Shareholder's Equity	19.5	20.6	26.9	27.8	28.2	30.5	34.0	39.1
Cash Flow (€mn)								
Net operating cash flow	0.9	(2.0)	2.9	7.4	5.1	6.7	7.4	8.2
Change in NWC	(1.7)	(5.5)	(0.5)	2.9	(0.5)	(0.4)	(0.8)	(1.4)
Capital expenditure	(2.5)	(9.0)	(4.8)	(1.9)	(4.2)	(3.4)	(2.8)	(2.6)
Free cash flow	(1.7)	(0.2)	(1.4)	0.3	(1.9)	2.4	3.7	4.6
Enterprise Value (€mn)								
Market Cap	49.9	27.9	39.3	26.8	36.5	36.5	36.5	36.5
Net financial position/(Cash)	(3.2)	7.9	3.7	(1.4)	(1.4)	(4.7)	(9.3)	(14.9)
Enterprise value	46.7	35.8	43.0	25.4	35.0	31.8	27.1	21.6
Ratios								
ROCE	6.6%	4.2%	7.0%	8.8%	9.3%	14.7%	21.9%	31.4%
ROE	4.4%	3.2%	3.0%	4.5%	4.2%	7.5%	10.2%	13.1%
Interest cover on EBIT	-4.3%	16.4%	38.6%	20.1%	17.0%	10.0%	6.3%	4.0%
NFP/EBITDA	-1.0x	2.2x	0.7x	n.m.	n.m.	n.m.	n.m.	n.m.
Gearing - Debt/equity	-16.3%	38.3%	13.7%	-5.0%	-5.1%	-15.4%	-27.4%	-38.1%
TWC/Total Revenues	31.0%	48.8%	41.6%	29.0%	28.9%	26.4%	24.7%	23.8%
Free cash flow yield	-4.9%	-0.6%	-4.1%	0.7%	-5.3%	6.8%	10.6%	13.1%
Multiples (x)								
EV/Sales	1.8x	1.3x	1.0x	1.0x	0.9x	0.8x	0.7x	0.6x
EV/EBITDA	11.1x	10.0x	6.9x	5.8x	5.4x	4.3x	3.6x	3.0x
P/E	34.0x	57.5x	46.7x	29.8x	30.4x	16.0x	10.5x	7.1x

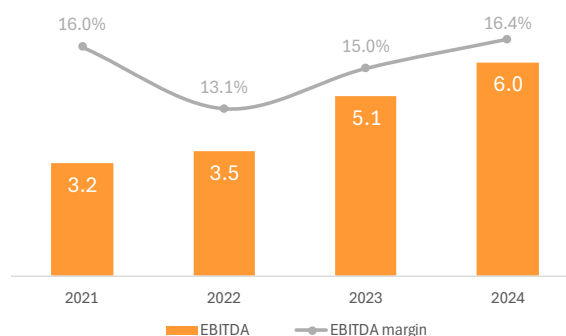
Source: Company Data (2021-2024), KT&Partners' Forecasts (2025-2028)

Key Charts

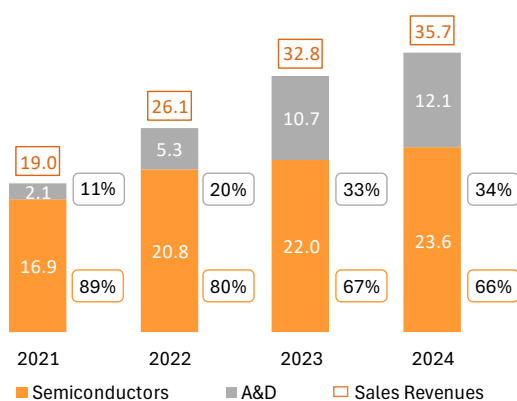
Total Revenues (€mn) and YoY Growth (%)



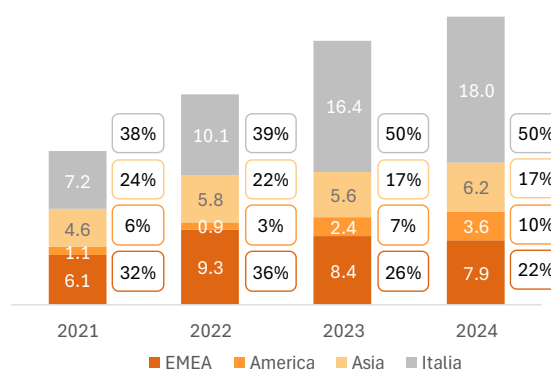
EBITDA and EBITDA Margin (€mn, %)



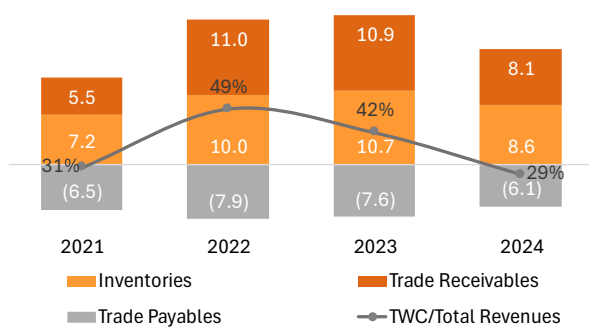
Sales Revenues by Product Line (€mn, %)



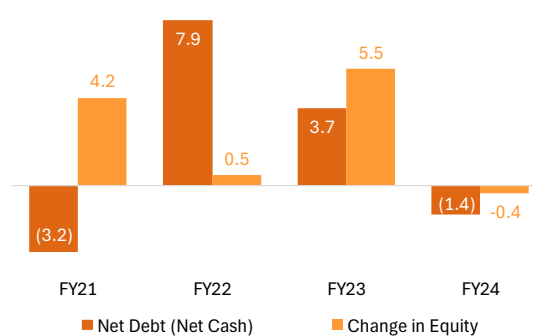
Sales Revenues by Geographic Area (€mn, %)



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 BoD member.** On September 30th, Dott. Michael Severino Bosco has been appointed as new BoD member, effective until the next shareholders' meeting.
- **New Orders for A&D.** In September 2025, ELES secured a multi-year order to supply modules for the Eurofighter program (€7.4bn European defense program), as well as obtained a new ATOM2 order strengthening its positioning in the production and testing of electronic systems for naval applications. Moreover, on August 8th, 2025, ELES secured two contracts from a global defense leader, enhancing the A&D unit's backlog for avionics displays and acoustic detection modules.
- **Launch of AiON testing platform with ATT.** Following the partnership initiated on December 6th, 2024, ELES and Angelantoni Test Technologies launched AiON in 1H25, a new HALT & HASS platform for mission-critical electronic modules and systems. The solution represents a breakthrough for the A&D division, ensuring scalability, portfolio diversification, and opening new entries into the automotive ECU testing market.
- **New partnership with ICE Lab in North America.** Further consolidating its U.S. presence, ELES signed a collaboration agreement with ICE Lab, a leading North American center for the qualification of high-performance devices. The partnership has created business opportunities in AI, data centers, and advanced automotive applications.
- **Mare's Partial Tender Offer.** On August 4th, 2025, Mare Engineering Group's voluntary partial tender and exchange offer (OPAS) for Eles concluded. The offer, launched on June 10th, aimed to acquire up to 29.99% of voting rights at €2.25 per share—offering a 40.6% premium over the previous day closing price (€1.60). The stock reached the offer price by the end of the tendering window (July, 16th-August, 4th). Mare ultimately acquired 29.04% of Eles' share capital (27.2% of voting rights excl. treasury shares). Shareholders had the option of a cash-only or mixed compensation (cash and Mare's shares at €3.82ps). The updated ownership structure places Mare as the largest shareholder.
- **Agreement with global ATE leader.** On June 4th, 2025, ELES signed a five-year Master Purchase Agreement with a global leader in automated test equipment for the design, production, and supply of a fully automated tray-to-tray BiBless system. The solution will be used for Burn-In Tests, targeting manufacturing plants in the U.S. and Asia.
- **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 an US aerospace and satellite communication firm for its ARTmp system.
- **Expansion in the Biomedical Sector.** 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 marking the Company's entry into medical applications.
- **Testing Outsourced to ELES's Milan Lab.** On July 18th, 2025, a global player in the semiconductor industry has outsourced its reliability testing activities to ELES's Milan laboratory. The agreement also includes orders for system rental and multi-year service.
- **New Strategic Partnership.** On November 19th, 2024, Eles partnered with Fraunhofer ENAS to launch a Test & Reliability Center in Chemnitz (DE), integrating ELES's RETE methodology to support the EU's chip supply chain autonomy. The collaboration focuses on applying the RETE® methodology with AI algorithms developed by Fraunhofer to accelerate predictive fault analysis and optimize qualification of mission-critical devices.

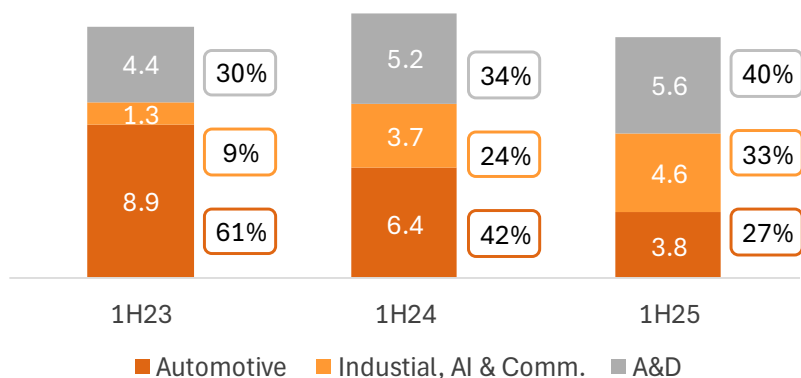
1H25 Financial Results

On September 26th, 2025, ELES published its consolidated 1H25 results. The Group posted €14.0mn in Sales Revenues, falling 8.6% YoY from €15.3mn in 1H24, however aligned with our 1H25E forecasts.

The Semiconductor BU contributed €8.4mn in Sales, a 17.0% YoY fall from €10.1mn in 1H24, although fairly in line with expectations (€8.3mn). The decline has been driven by persistent weak demand in the automotive end-market (-42% YoY), offset though by double-digit growth in the Industrial end-market thanks to AI and High-Performance Computing (HPC) applications (+28% YoY, in line with the reference market trends; SEMI: +27% for the global market of automated test equipment for integrated circuits¹). Test Applications BU line – based on ELES's proprietary RETE methodology – remains core to the Company's positioning, accounting for 35% of the Group's Sales Revenues (€4.9mn), although declining 28.0% YoY in favour of Test System, which grew 4.0% YoY thanks to new Industrial and AI customer's acquisition.

On the other hand, the Aerospace & Defence BU reached €5.6mn in Sales (in line with €5.7mn 1H25E estimates), an 8% YoY growth from €5.2mn, validating its strategic repositioning toward a more diversified and standardized offering, in contrast to a decline in the Off-Load engineering component.

1H23-1H25 Sales Revenues Breakdown per End-Market (€mn, %)



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

From a geographical standpoint, international revenues declined by c.14% YoY to €5.9mn in 1H25 (from €6.8mn), accounting for 42.2% of Sales, slightly below historical trends (c.45% in 1H24). EMEA (€1.9mn) and Asia (€1.2mn) both declined YoY (48.3% and 46.1% YoY, respectively) resulting from weaker demand in the Automotive end-market, in favour however of Americas, with revenues up more than 100% YoY to €2.9mn in 1H25, climbing to 20.6% of overall Sales (7.2% in 1H24) thanks to robust expansion in the AI and HPC end-markets. Given the presence of a U.S. subsidiary, we do not expect the Group to be directly impacted by potential duties on American sales in 2H.

EBITDA came in at €1.1mn in 1H25, down 50% YoY from €2.2mn in 1H24, though broadly in line with our €1.0mn estimate. EBITDA margin (on Total Revenues) contracted to 7.8% (vs. 14.3% in 1H24), consistent with our 7.3% forecast, reflecting a transitional phase marked by the shift toward a more scalable product mix across both BUs and higher operating costs.

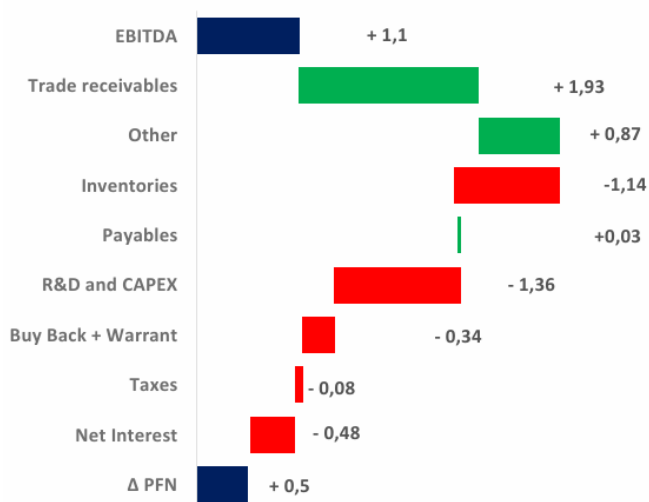
¹ Source: YOLE Semiconductor Test Equipment Q2 2025 – July 2025, www.yolegroup.com

Within OPEX², Personnel expenses — the largest cost component — rose 4% YoY to €4.8mn, driven by the reinforcement of the organizational structure. COGS seemingly declined to €3.8mn in 1H25 (from €4.7mn a year prior), but this excludes the significant increase in Costs for Outsourced Processing (*costi per lavorazioni esterne*) linked to the shift in product mix. These are reclassified within Cost of Services, which grew 15% YoY to €4.0mn. Other operating expenses, up 29% YoY to €0.5mn, includes extraordinary administrative costs related to the partial tender offer launched offer by Mare Group in June³.

Net Income turned negative with €1.0mn net loss in 1H25, compared to a €0.3mn profit in 1H24, dragged by €0.3mn of FX losses on euro/US dollar fluctuations, concentrated in the May/June period. These losses, stemming from a c.11% USD depreciation against the EUR and linked to persisting macro-political uncertainties that amplified currency market volatility, should not be considered recurring.

Finally, Net Financial Position (NFP) slightly improved, as Eles increased its net cash position from €1.4mn in FY24 to €1.9mn in 1H25, thanks to: i) an operating cash flow contribution of €1.1mn from EBITDA, ii) supported by an efficient working capital management, seen in the reduction in trade receivables (€1.9mn), partly offset by the increase in inventories (-€1.1mn); iii) cash absorption of €1.4mn from R&D investments and CAPEX; iii) net outflows of €0.3mn linked to the buy-back program (€0.6mn) partly mitigated by warrant exercises (€0.3mn); and iv) financial charges of €0.5mn and tax payments of €0.1mn. Overall, these dynamics resulted in a modest €0.5mn improvement in NFP over the period.

FY24-1H25 Net Debt Bridge (€mn)



Source: KT&Partners' elaboration on Company Data (2024-1H25)

² Also to include a €0.3mn decrease in capitalisation during the period (with respect to June 30th, 2024)

³ More info to be found in our previous Research Update of August 18th, 2025

1H24-25 Income Statement

€mn	1H24	FY24	1H25	YoY %	1H25E	A v. E
<i>Semiconductors</i>	10.1	23.6	8.4	-16.8%	8.3	1.2%
<i>A&D</i>	5.2	12.1	5.6	7.7%	5.7	-1.8%
Sales Revenues	15.3	35.7	14.0	-8.6%	14.0	-0.2%
Other Revenues	0.2	0.8	0.3	63.0%	0.1	
Total Revenues	15.5	36.5	14.3	-7.6%	14.1	1.8%
<i>Growth %</i>	-54.0%	136.0%	-60.8%		n.m.	
Products and Raw Materials	(4.7)	(12.1)	(3.8)	-19.1%	(4.3)	-13.1%
Cost of Services	(3.5)	(7.3)	(4.1)	15.2%	(3.6)	14.0%
Personnel Expenses	(4.7)	(10.2)	(4.9)	3.5%	(4.6)	4.9%
Other Operating Costs	(0.4)	(0.9)	(0.5)	29.3%	(0.5)	4.6%
EBITDA	2.2	6.0	1.1	-50.0%	1.0	7.4%
<i>EBITDA Margin</i>	14.3%	16.4%	7.8%	-6.6%	7.3%	0.4%
D&A and Provisions	(1.5)	(3.7)	(1.5)		(1.7)	
EBIT	0.7	2.3	(0.4)		(0.6)	
<i>EBIT margin</i>	4.8%	6.4%	-3.1%		-4.6%	
Financial Income (Expenses)	(0.3)	(0.5)	(0.5)		(0.1)	
EBT	0.5	1.9	(0.9)		(0.7)	
Taxes	(0.2)	(0.6)	(0.1)		0.3	
<i>Tax Rate</i>	46.8%	33.3%	-8.7%		43.6%	
Net Income	0.3	1.2	(1.0)		(0.4)	
<i>Net margin</i>	1.7%	3.4%	-7.0%		-2.8%	

Source: KT&Partners' Elaboration on Company Data (1H24-1H25), KT&P's Estimates (1H25E)

1H24-25 Balance Sheet

€ Million	1H24	FY24	1H25	Delta
Tangible	7.4	6.9	6.8	(0.1)
Intangible	10.8	9.8	9.9	0.1
Financial Assets	0.4	0.4	0.3	(0.0)
Fixed Assets	18.6	17.1	17.0	(0.0)
Inventory	11.0	8.6	9.8	1.1
Trade receivables	8.9	8.1	6.1	(1.9)
Trade Payables	(6.2)	(6.1)	(6.2)	(0.0)
Trade Working Capital	13.7	10.6	9.8	(0.8)
Other assets and liabilities	(1.6)	0.5	(0.6)	(1.1)
Net Working Capital	12.1	11.1	9.2	(1.9)
Provisions	(1.7)	(1.7)	(1.7)	0.0
Net Capital Employed	29.1	26.4	24.5	(1.9)
Total shareholders' equity	27.2	27.8	26.5	(1.4)
Cash (-)	(5.3)	(7.3)	(7.9)	(0.6)
Other Current Financial Assets	(8.5)	(10.4)	(7.5)	3.0
Financial Debt	15.6	16.3	13.4	(2.9)
Net Financial Position	1.9	(1.4)	(1.9)	(0.5)
Sources	29.1	26.4	24.5	(1.9)

Source: KT&Partners' elaboration on Company Data (1H24-1H25)

Change in Estimates

Following the release of 1H25 financials, we have revised our FY25–FY28E estimates, with Sales Revenues now expected at €37.9mn in FY25E, up 6.2% YoY from €35.7mn in FY24 although 3.0% below our previous expectation (€40.5mn).

We slightly downgrade our FY25E estimates for the Semiconductors BU by 6.5%, as the recovery of the automotive end-market is pushed back to FY26. Nonetheless, the business line is still projected to deliver single-digit YoY growth in FY25E, supported by expanding Industrials & AI applications with an expected ramp up of order acquisitions from new clients across both North America and Asia. Thereafter, the rebound in automotive demand combined with new client acquisitions in AI and HPC is expected to drive growth, with sales reaching €37.7mn by FY28E, implying a 12.5% CAGR over FY24–28E.

A&D revenues have been revised downward across the forecast horizon as well, reflecting the transitional shift from engineering-on-demand services to standardized, scalable test solutions and a broader client base. We now project FY25E revenues at €13.1mn, -6.2% vs. our prior estimate. Thanks to this transition, which temporarily limits growth to single digits (+8% YoY), the BU is set on a more solid long-term trajectory, with revenues expected to reach €19.0mn by FY28E, implying a ~12% CAGR over FY24–28E.

FY25E EBITDA is projected at €6.5mn, slightly below our prior forecast of €6.7mn, but with an improved margin of 16.9% (vs. 16.4% previously), reflecting a shift toward a more scalable product mix. Consistent with 1H25 dynamics, we expect an increasing weight of standardized solutions across both A&D and Semi (thanks to a higher incidence of Test Systems over BU revenues) driving scalability and reducing relative incidence of COGS. While service and personnel expenses are set to rise in absolute terms from the progressive internalization of mechanical processes (from FY26E), their impact on revenues is expected to ease. By FY28E, EBITDA should broadly converge with our previous projections, reaching €11.6mn (vs. €11.8mn), with an improved margin of 20.1%.

Finally, we positively revise Net Financial Position projections across the forecast horizon. We now expect net cash position to stay flat YoY at €1.4mn in FY25E conversely to a deterioration to €0.8mn previously expected. The change reflects: (i) €6.5mn of EBITDA generation (vs. €6.7mn prior); (ii) c.€1.3mn of cash absorption from taxes and financial expenses (in line with previous estimates); (iii) €0.5mn of cash absorption from working capital requirements, far below €1.3mn previously expected thanks to efficiency in inventory management (DIO at 122 days in FY25; 134 in FY24), reflecting the shift in product mix; (iv) €4.2mn of CAPEX, significantly lower than the €5.4mn previously projected as mixed economic conditions and tariff-related political risks are extending the timeline for investment implementation, and (v) €0.4mn positive contribution from other working capital adjustments. Looking ahead, we expect a progressive strengthening of the net cash position, driven by solid operating cash flow, lower TWC absorption, and the ZES fund easing cash outflows for investments, with Eles expected to reach €14.9mn net cash position by FY28E.

Change in Estimates

€mn	2024	2025E	2025E	Change	2026E	2026E	Change	2027E	2027E	Change	2028E	2028E	Change
	Actual	Old	New		Old	New		Old	New		Old	New	
Semiconductors	23.6	26.5	24.8	-6.5%	30.5	28.3	-7.3%	34.7	32.5	-6.3%	39.2	37.7	-3.8%
A&D	12.1	14.0	13.1	-6.2%	15.3	14.5	-5.4%	17.7	16.4	-7.0%	20.2	19.0	-5.8%
Sales Revenues	35.7	40.5	37.9	-6.4%	45.8	42.8	-6.7%	52.4	48.9	-6.6%	59.4	56.7	-4.5%
YoY Change (%)	8.9%	13.4%	6.2%		13.1%	12.8%		14.4%	14.5%		13.3%	15.8%	
Total Revenues	36.5	41.0	38.4	-6.4%	46.3	43.4	-6.4%	52.9	49.7	-6.1%	59.9	57.5	-3.9%
YoY Change (%)	8.6%	12.2%	5.1%		13.0%	13.0%		14.2%	14.5%		13.2%	15.8%	
EBITDA	6.0	6.7	6.5	-3.6%	8.5	8.1	-4.1%	10.1	9.7	-4.0%	11.8	11.6	-2.2%
YoY Change (%)	18.8%	12.0%	8.0%		26.0%	25.3%		18.8%	19.0%		17.5%	19.6%	
EBITDA Margin	16.4%	16.4%	16.9%	0.5%	18.3%	18.7%	0.4%	19.0%	19.5%	0.4%	19.7%	20.1%	0.4%
EBIT	2.3	2.7	2.5	-7.9%	4.0	3.8	-6.2%	5.5	5.4	-2.3%	7.2	7.6	5.6%
YoY Change (%)	8.6%	15.4%	6.3%		50.3%	53.0%		36.3%	42.0%		30.5%	41.1%	
Net Income	1.2	1.6	1.2	-24.6%	2.6	2.3	-12.5%	3.7	3.5	-4.9%	4.9	5.1	5.1%
YoY Change (%)	54.9%	27.9%	-3.6%		63.9%	90.2%		40.5%	52.8%		33.1%	47.1%	
NFP / (Cash)	(1.4)	(0.8)	(1.4)	(0.7)	(4.2)	(4.7)	(0.5)	(9.1)	(9.3)	(0.2)	(14.8)	(14.9)	(0.1)

Source: KT&P's estimates, Company Data

Valuation

Based on Eles projected financials, we performed the valuation of the company using the market multiples and the Discounted Cash Flow (DCF) methodologies.

- **Market Multiples (EV/EBITDA and P/E):** using a peer group of 7 publicly listed comparables, we applied the average FY25E and FY26E EV/EBITDA and P/E multiples to Eles's forecasted financials. We applied a 30% discount to the peer-derived multiples. With a weighted average (70% EV/EBITDA; 30% P/E), the results yields an implied equity value of €61.3mn or €3.83ps.
- **Discounted Cash Flow (DCF):** We projected Eles Free Cash Flows over the FY25E–FY28E period and discounted them using a WACC of 13.4% and a terminal growth rate of 2.0%. This approach returns an implied equity value of €48.3mn or €2.80ps.

In both our valuation methodologies, we accounted for 1H25 Net Financial Position of €1.9mn net cash.

Valuation Recap

	Equity Value (€mn)	Value per share (€)
EV/EBITDA	78.7	4.59 €
P/E	35.1	2.05 €
Weighted Average Multiple	61.3	3.83 €
DCF	48.3	2.80 €
Weighted Average	52.2	3.11 €

Source: KT&P's estimates, Factset consensus data

Given the significant divergence in valuation outcomes derived from EV/EBITDA and P/E multiples, we adopt a weighted average approach to equity valuation, assigning greater weight to the DCF method (70%) to better capture the company's fundamentals, while market multiples account for the remaining 30%. Doing so, we derive a fair equity valuation of €52.2mn, corresponding to a target price of €3.11 per share, and implying an EV/EBITDA multiple of 8.1x on FY25E.

KT&Partners' Implied Multiples

	FY24	FY25E	FY26E
EV/EBITDA implied	8.7x	8.1x	6.4x
P/E implied	42.0x	43.6x	22.9x

Source: KT&P's estimates, Factset consensus data

Market Multiples Valuation

With the sample of comparable companies selected for Eles Group, we proceeded to define the multiples for our relative valuation, focusing on the 2025–26E data points.

Peer Comparison – Market Multiples 2024–26E

Company Name	Exchange	Market Cap	Avg. EBITDA Margin	Avg. EBITDA Margin	CAGR Sales	CAGR Sales	EV/SALES			EV/EBITDA			P/E		
			(22-24)	(25-27)	(22-24)	(25-27)	2024	2025	2026	2024	2025	2026	2024	2025	2026
Teradyne, Inc.	NASDAQ	18,217	25.9%	26.7%	-5.5%	9.5%	6.9x	7.3x	6.1x	29.1x	30.1x	22.1x	36.3x	43.2x	30.1x
Fae Technology S.P.A	Milan	48	10.3%	9.3%	45.1%	15.0%	0.7x	0.7x	0.6x	7.0x	9.0x	5.9x	13.6x	22.0x	11.5x
Test Research, Inc.	Taiwan	1,161	33.2%	28.8%	8.9%	20.7%	6.0x	4.8x	4.1x	17.2x	16.0x	14.8x	22.0x	18.5x	16.1x
Espec Corp.	Tokyo	473	12.8%	16.6%	8.8%	-0.7%	0.9x	0.9x	0.9x	6.1x	5.9x	5.4x	12.9x	13.3x	12.0x
FormFactor, Inc.	NASDAQ	2,383	11.8%	17.4%	3.5%	2.3%	3.1x	3.4x	3.1x	28.2x	20.2x	17.2x	37.0x	69.5x	41.5x
AEM Holdings Ltd.	Singapore	374	15.6%	12.6%	1.1%	9.2%	1.5x	1.5x	1.3x	11.8x	12.8x	9.8x	47.3x	34.7x	21.2x
Technoprobe SpA	Milan	5,465	32.7%	34.1%	15.8%	14.9%	8.8x	7.7x	6.6x	35.0x	24.6x	19.4x	85.6x	59.5x	38.2x
Average		4,017	20.4%	20.8%	11.1%	10.1%	3.98x	3.74x	3.25x	19.19x	16.94x	13.50x	36.39x	37.24x	24.40x
Median		1,161	15.6%	17.4%	8.8%	9.5%	3.12x	3.36x	3.13x	17.23x	16.02x	14.81x	36.33x	34.69x	21.23x
ELES	Milan	37	15.2%	18.6%	23.9%	11.1%	1.2x	1.1x	1.0x	7.1x	6.5x	5.2x	30.0x	31.1x	16.4x

Source: FactSet, KT&Partners’ Elaboration

In our valuation, we included a size/liquidity discount of 30% to account for the relatively smaller size of Eles compared to its comparables, and to the lower trading liquidity of its stock. We end up with Eles equity value of €78.7mn or €4.6ps based on the EV/EBITDA valuation, and €35.1mn or €2.0ps using the P/E method.

EV/EBITDA Multiple Valuation			P/E Multiple Valuation		
Multiple Valuation (€mn)	2025E	2026E	Multiple Valuation (€mn)	2025E	2026E
EV/EBITDA Comps	16.9x	13.5x	P/E Comps	37.2x	24.4x
ELES EBITDA	6.5	8.1	ELES Net Income	1.2	2.3
Enterprise value	109.8	109.6	Equity Value	44.6	55.6
Average Enterprise value	109.7		Average Equity Value	50.1	
Liquidity/Size Discount	30%		Liquidity/Size Discount	30%	
Enterprise Value Post-Discount	76.8		Equity Value Post-Discount	35.1	
ELES NFP 1H25	(1.9)		Number of shares (mn)	17.1	
ELES Minorities 1H25	-		Value per Share €	2.0	
Equity Value	78.7				
Number of shares (mn)	17.1				
Value per Share €	4.6				

Source: FactSet, KT&Partners’ Elaboration

DCF Valuation

We also performed a 4-year DCF valuation, assuming a cost of equity of 15.4%, a cost of debt of 5.0%, and a D/E ratio of 20% (average target for Semiconductors Equipment US – Damodaran). The cost of equity is derived from a risk-free rate of 3.5% (Italian 10Y BTP rate), an equity risk premium of 5.4% (Damodaran, Italy ERP based on CDS spreads), and a size and liquidity premium of 3.3% (Duff & Phelps). These inputs imply a WACC of 13.4%.

We discounted 2025E–28E annual cash flow 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	2.5	3.8	5.4	7.6
- Taxes on EBIT	(0.7)	(1.1)	(1.6)	(2.3)
<i>Tax Rate (%)</i>	30.0%	30.0%	30.0%	30.0%
NOPAT	1.7	2.7	3.8	5.3
+ D&A	3.7	4.1	4.1	3.8
Operating Cash Flow	5.4	6.7	7.8	9.2
- CAPEX	(4.2)	(3.4)	(2.8)	(2.6)
-/+ Change in working capital	(0.5)	(0.4)	(0.8)	(1.4)
-/+ Change in Funds	0.7	0.7	0.7	0.7
Free Cash Flow	1.4	3.6	4.9	5.8
growth rate (g)	2.0%			
WACC	13.4%			
FCF discounted	1.3	3.1	3.7	3.8
Discounted Cumulated FCFO	12.0			
Terminal Value	51.8			
Discounted TV	34.4			
Enterprise Value (€mn)	46.4			
NFP 1H25	(1.9)			
Minorities 1H25	-			
Equity Value (€mn)	48.3			
# shares outstanding (mn)	17.1			
Fair value per share (€)	2.80			

Source: Company Data, KT&Partners' Elaboration

Sensitivity analysis

€ Millions	WACC					
Terminal growth Rate		13.9%	13.6%	13.4%	13.1%	12.9%
	1.5%	44.8	45.8	46.7	47.7	48.8
	1.8%	45.6	46.5	47.5	48.6	49.6
	2.0%	46.3	47.3	48.3	49.4	50.5
	2.3%	47.1	48.1	49.2	50.3	51.5
	2.5%	47.9	49.0	50.1	51.3	52.5

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:

- **Teradyne Inc.:** Listed on NASDAQ with a €18.2bn market cap, Teradyne Inc. supplies automation equipment for test and industrial applications. In FY24, it generated €2.6bn 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 €5.5bn, Technoprobe SpA engages in the development, design, and manufacture of probe cards used for testing non-memory or system-on-chip semiconductors. In FY24, the company reached revenues of €0.5mn.
- **FAE Technology SpA:** listed on the Milan Stock Exchange with a market capitalization of €48mn, 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 €72mn of revenues in FY24.
- **Test Research Inc:** listed on the Taiwan Stock Exchange with a market capitalization of €1.2bn, Test Research Inc. provides automated inspection and testing solutions for PCB and PCBA manufacturing. Its portfolio includes SPI, 3D AOI, AXI, MDA, and ICT systems, as well as AI-powered optical inspection and metrology tools supporting smart factory environments. The company generated revenues of €183mn in FY24.
- **Espec Corp:** listed on the Tokyo Stock Exchange with a market capitalization of €473mn, Espec Corp. engages in the design and manufacture of environmental test chambers and systems. Its product range includes temperature and humidity chambers, thermal cycling systems, and HALT/HASS solutions, complemented by service and laboratory offerings. In FY24, the company reached revenues of €0.4bn.
- **FormFactor Inc:** listed on NASDAQ with a market capitalization of €2.4bn, FormFactor is a global provider of semiconductor test and measurement technologies across the device lifecycle. It develops advanced probe cards, probing systems, metrology equipment, and thermal/cryogenic solutions for characterization, debug, qualification, and production testing. The company generated revenues of €706mn in FY24.
- **AEM Holdings Ltd:** listed on Singapore Stock Exchange with a market capitalization of €374mn, AEM Holdings designs and delivers integrated test and handling solutions for semiconductors and electronics. Its operations include Test Cell Solutions, Instrumentation, and Contract Manufacturing, supported by global R&D, design, and system integration capabilities. The company achieved revenues of €263mn in FY24.

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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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