ALANTRA
Italian Equity Research

18-Mar-26 7:48 AM

EUROTECH

Sector: Technology

Execution is gaining traction; we upgrade to BUY

BUY

From HOLD

TP 1.25

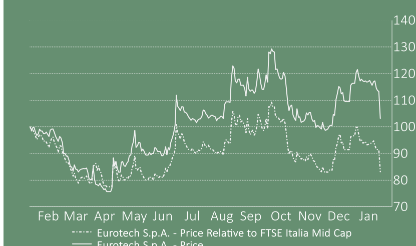
From 0.9

Target price upside 31%

Change in EPS est.	FY26E	FY27E
	nm	nm

Ticker (BBG, Reut)	ETH IM	E5T MI
Share price Ord. (Eu)		1.0
N. of Ord. shares (mn)		59.6
Total N. of shares (mn)		59.6
Market cap (Eu mn)		57
Total Market Cap (EU mn)		57
Free Float Ord. (%)		67%
Free Float Ord. (Eu mn)		38
Daily AVG liquidity Ord. (Eu k)		205

	1M	3M	12M
Absolute Perf.	14.4%	-4.3%	31%
Rel.to FTSEMidCap	24.0%	3.1%	26%
52 weeks range		0.7	1.1



	FY25A	FY26E	FY27E
Sales	55	62	71
EBITDA adj.	(1.3)	3.2	5.1
Net profit adj.	(7.4)	(1.2)	0.5
EPS adj.	(0.20)	(0.02)	0.01
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.	nm	nm	14.2x
P/E adj.	nm	nm	nm
Dividend yield	0.0%	0.0%	0.0%
FCF yield	nm	-4.2%	-1.6%
Net debt/(Net cash)	16.8	8.6	9.5
Net debt/EBITDA	nm	2.7x	1.9x

ETH reported a strong 4Q rebound, with revenues at Eu20.2mn (+25% YoY), driven by a solid performance in Europe and Asia, signalling improving demand momentum. Profitability came in above our expectations, with adj. EBITDA at Eu2.5mn (12.6% margin), confirming operating leverage and restructuring benefits. Net debt improved to Eu16.8mn, supported by strong working capital reduction and solid cash conversion. We see the turnaround gaining traction, with solid backlog (+20% YoY), reiterated S/L-term targets and improving trends, albeit headwinds from memory components suggest caution. We broadly confirm our estimates, implying sales CAGR 26-28E of 13.6% and positive EBITDA by FY26E. We upgrade to BUY (from HOLD), TP to Eu1.25/s (from Eu0.9), on execution momentum and re-rating potential.

- **4Q sales rebound sharply.** ETH posted Eu20.2mn revenues in 4Q25, up 25% YoY, confirming a clear acceleration vs prior quarters and improved demand momentum into year-end, following a weak 1H. The result came slightly below our Eu20.8mn estimate (-3.0%). On a geographical standpoint, the US rebounded strongly (+70% YoY to Eu3.7mn), albeit remaining a relatively small contributor, while Europe delivered solid growth (+19.9% YoY to Eu8.8mn) and Japan and other regions increased by +15.8% YoY. On a FY basis, revenues declined 6.4% YoY to Eu55.4mn, still reflecting the soft order intake seen in late 2024.
- **Operating leverage drives beat in EBITDA.** Gross profit came in at Eu9.8mn, 48.3% margin, below our expectations (51.7%). However, adj. EBITDA confirmed its positive territory for the second quarter in a row, reaching Eu2.5mn (12.6% margin), +17.5% vs. our estimate, confirming the effectiveness of cost restructuring and a structurally lower breakeven. EBIT and pre-tax profit were positive at Eu0.6mn and Eu0.4mn, respectively, while net result was broadly breakeven after higher-than-expected taxes during 4Q25.
- **Net debt better vs expectations.** Net debt stood at Eu16.8mn at YE25, improving vs Eu19.4mn in 9M25 and better than our Eu19.7mn estimate. The improvement was mainly driven by a significant reduction in net working capital, with WC/sales ratio down to 18%, mainly driven by lower inventory, highlighting strong cash conversion (1x EBITDA in 4Q25).
- **Turnaround gaining traction; memory components warrant some caution.** 4Q confirms the momentum initiated under the new CEO, with a clear recovery in revenues and a strong rebound in profitability. Key takeaways from the ccall: 1) BP short-term targets (positive EBITDA in FY26E) and longer-term guidance (Eu80mn revenues by FY28E) were reiterated; 2) order backlog remains solid at +20% YoY, supporting continued momentum; and (3) FY26 is expected to show continued growth, with 1Q26 revenues up at double-digit rate like in 4Q25, due to an easy comp. 1Q EBITDA is also expected to improve YoY but remain negative due to lower volumes, with ETH's breakeven indicated at c. Eu14mn quarterly sales. Sequential margin improvement is expected over the coming quarters. On the cost side, memory components remain the main threat, with price increases expected to be passed through to customers with a 1-2 month lag, implying some near-term pressure on margins.
- **Estimates broadly confirmed.** We maintain our projections broadly unchanged and introduce FY28E figures, implying a sales CAGR 26E-28E of 13.6%, in line with ETH's BP trajectory. We confirm our expectation of positive EBITDA by FY26E (c.5% margin), with a gradual expansion driven by a higher contribution from the Edge AIoT business, reaching Eu2.8mn net profit by FY28E. While execution remains key, we do not rule out that a potential acceleration in delivery could provide meaningful upside to our estimates.
- **We move to BUY (from HOLD), TP to Eu1.25/s (from Eu0.9).** Following the successful capital increase, the management is demonstrating that execution is on track. A continuation of this momentum, together with a potential acceleration in delivery, could provide meaningful upside to our estimates and support a re-rating of the stock. We upgrade to BUY (from HOLD) following our DCF and multiples update, yielding a new target price of Eu1.25/s (from Eu0.9).

Andrea Zampaloni
andrea.zampaloni@alantra.com
+39 02 63 671 621

Head of Research
Luca Arena
luca.arena@alantra.com
+39 02 63 671 620

Summary Financials (IFRS)

P&L account (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	59.1	55.4	62.0	70.8	80.0
Gross margin	30.0	27.1	31.1	35.7	40.3
EBITDA reported	(5.0)	(3.1)	3.2	5.1	7.4
D&A	(27.3)	(5.5)	(4.3)	(4.1)	(3.6)
EBIT reported	(32.3)	(8.5)	(1.1)	1.0	3.8
Net financial charges	(0.4)	(0.6)	(0.4)	(0.4)	(0.4)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	(32.6)	(9.1)	(1.4)	0.7	3.4
Taxes	(3.5)	(0.0)	0.3	(0.1)	(0.7)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	(36.2)	(9.3)	(1.2)	0.5	2.8
EBITDA adjusted	**(3.7)**	**(1.3)**	**3.2**	**5.1**	**7.4**
EBIT adjusted	**(31.0)**	**(6.8)**	**(1.1)**	**1.0**	**3.8**
Net profit adjusted	**(34.9)**	**(7.4)**	**(1.2)**	**0.5**	**2.8**

Margins (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	50.7%	48.9%	50.2%	50.4%	50.4%
EBITDA margin (adj)	-6.3%	-2.3%	5.2%	7.2%	9.2%
EBIT margin (adj)	-52.4%	-12.3%	-1.8%	1.4%	4.8%
Pre-tax margin	-55.2%	-16.5%	-2.3%	0.9%	4.3%
Net profit margin (adj)	-59.0%	-13.4%	-1.9%	0.7%	3.4%

Growth rates (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	-37.3%	-6.4%	12.0%	14.2%	13.0%
EBITDA	-179.2%	-38.3%	14.9%	14.7%	44.4%
EBITDA adjusted	-151.8%	-65.0%	nm	nm	44.4%
EBIT	nm	nm	-21.6%	-5.4%	-12.8%
EBIT adjusted	nm	nm	-87.2%	-193.8%	nm
Pre-tax	nm	nm	-44.2%	0.0%	0.0%
Net profit	nm	nm	nm	nm	nm
Net profit adjusted	nm	nm	nm	nm	nm

Per share data	FY24A	FY25A	FY26E	FY27E	FY28E
Shares	35.516	38.629	59.626	59.626	59.626
N. of shares AVG	35.516	37.072	49.127	59.626	59.626
N. of shares diluted AVG	35.516	37.072	49.127	59.626	59.626
EPS	**(1.018)**	**(0.251)**	**(0.024)**	**0.009**	**0.046**
EPS adjusted	**(0.983)**	**(0.201)**	**(0.024)**	**0.009**	**0.046**
DPS - Ord.	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	1.708	1.422	1.265	1.051	1.098

Enterprise value (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Share price Ord. (Eu)	1.4	0.9	1.0	1.0	1.0
Market cap	49.4	34.3	56.9	56.9	56.9
Net debt/(Net cash)	20.4	16.8	8.6	9.5	7.9
Adjustments	6.8	7.1	5.8	5.8	5.8
Enterprise value	76.6	58.2	71.2	72.1	70.5

Cash flow (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
EBITDA adjusted	(3.7)	(1.3)	3.2	5.1	7.4
Net financial charges	(0.4)	(0.6)	(0.4)	(0.4)	(0.4)
Cash taxes	(3.5)	(0.0)	0.3	(0.1)	(0.7)
Ch. in Working Capital	8.5	5.0	(3.0)	(2.9)	(2.0)
Other operating items	3.4	(2.9)	0.0	0.0	0.0
Operating cash flow	**4.3**	**0.2**	**0.1**	**1.7**	**4.3**
Capex	(5.0)	(2.2)	(2.5)	(2.5)	(2.7)
FCF	**(0.7)**	**(2.0)**	**(2.4)**	**(0.9)**	**1.6**
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	2.5	6.9	10.6	0.0	0.0
Others	(1.6)	(1.3)	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Ch. in NFP	**0.2**	**3.6**	**8.2**	**(0.9)**	**1.6**

Ratios (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Capex/Sales	**8.4%**	**4.0%**	**4.0%**	**3.6%**	**3.4%**
Capex/D&A	0.2x	0.4x	0.6x	0.6x	0.8x
FCF/EBITDA	nm	nm	nm	-17.5%	21.6%
FCF/Net profit	nm	21.5%	nm	-167.5%	57.5%
Dividend pay-out	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Balance sheet (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Working capital	15.1	9.9	13.0	15.9	17.9
Fixed assets	73.1	65.4	63.5	62.0	61.2
Provisions & others	(7.1)	(5.8)	(5.8)	(5.8)	(5.8)
Net capital employed	**81.1**	**69.5**	**70.7**	**72.2**	**73.3**
Net debt/(Net cash)	**20.4**	**16.8**	**8.6**	**9.5**	**7.9**
Equity	60.7	52.7	62.2	62.7	65.4
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Working capital/Sales	**25.5%**	**17.9%**	**20.9%**	**22.5%**	**22.4%**
Net debt/Equity	**33.6%**	**31.9%**	**13.8%**	**15.1%**	**12.0%**
Net debt/EBITDA	**nm**	**nm**	**2.7x**	**1.9x**	**1.1x**

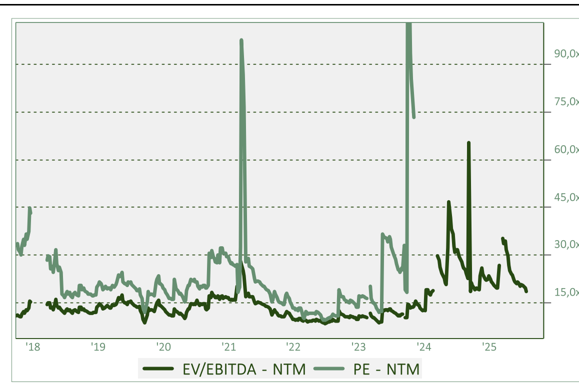
Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
EV/CE	**0.9x**	**0.8x**	**0.9x**	**0.9x**	**0.9x**
P/BV	0.8x	0.7x	0.9x	0.9x	0.9x
EV/Sales	1.3x	1.1x	1.1x	1.0x	0.9x
EV/EBITDA	nm	nm	nm	14.2x	9.6x
EV/EBITDA adjusted	**nm**	**nm**	**nm**	**14.2x**	**9.6x**
EV/EBIT	nm	nm	nm	nm	18.6x
EV/EBIT adjusted	**nm**	**nm**	**nm**	**nm**	**18.6x**
P/E	nm	nm	nm	nm	20.6x
P/E adjusted	**nm**	**nm**	**nm**	**nm**	**20.6x**
ROCE pre-tax	nm	nm	nm	nm	4.8%
ROE	**nm**	**nm**	**nm**	**nm**	**4.2%**
EV/FCF	nm	nm	nm	nm	44.5x
FCF yield	**nm**	**nm**	**-4.2%**	**-1.6%**	**2.8%**
Dividend yield	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Share price performance

The stock price is close to its historical lows

Valuation

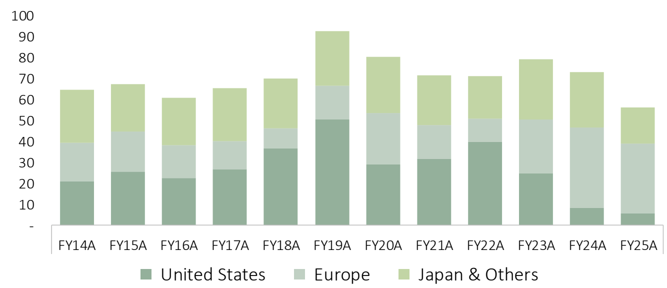
EV/EBITDA NTM multiples are nm



Key Charts

Revenue trend (FY14-FY25A)

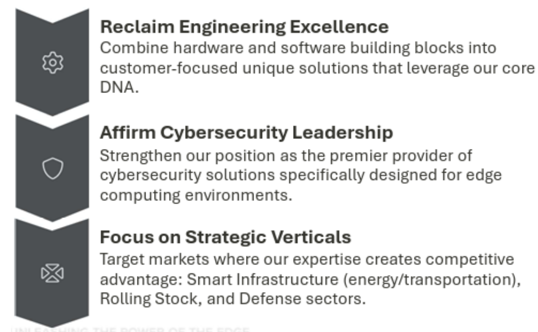
Revenues peaked in 2019 to over Eu100mn



Source: Company data

Mid-term strategic plan

Rethink initiative pivots on core ETH strengths and strategic verticals



Source: Company data

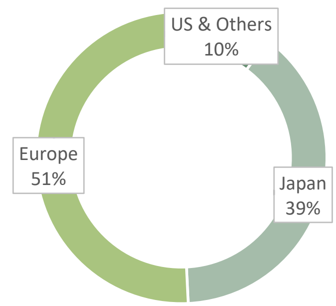
NeXt 2026-30 BP targets

ETH expects to reach positive EBITDA in FY26E and c. Eu80mn in sales by 2028

Source: Company data

Revenue breakdown by Geography (FY25A)

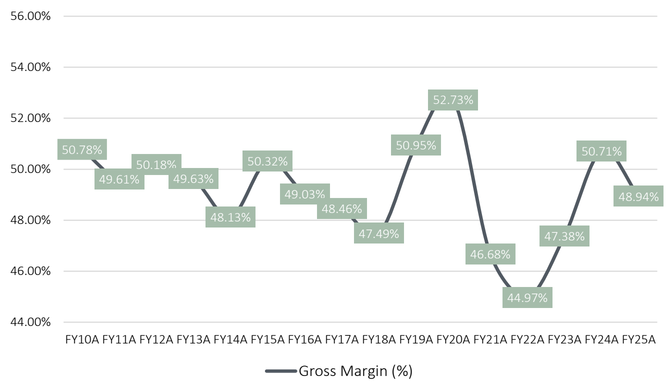
Eurotech is primarily exposed to Europe and Japan



Source: Company data

Operating margins (FY10-FY25A)

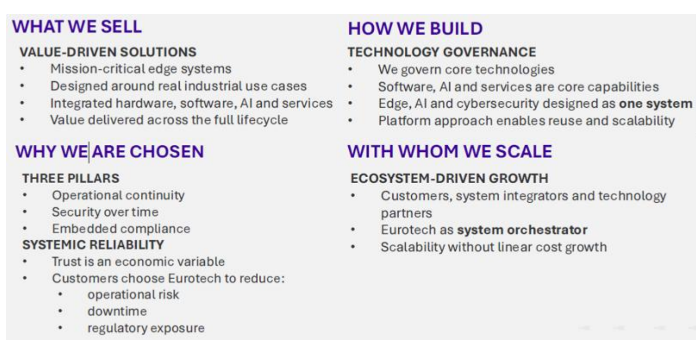
Operating leverage and a shift to Edge AIoT explain the swings in profitability



Source: Company data

ETH NeXt plan: Strategic pillars

An integrated, platform-driven approach to mission-critical applications



Source: Company data

Profile

Background

Eurotech (listed on MTA - STAR since 2005) is a tech company that designs and sells embedded computers for several sectors like industrial manufacturing, transportation, medical, and defense sectors. The Group has expanded its activities in Internet of Things (IoT), developing software platforms to enable the implementation of IoT systems, and in Artificial Intelligence, developing high performance computers (HPEC). The Group employs >320 staff, o/w 30% are dedicated to engineering and R&D.

Embedded computers: since its foundation, Eurotech designs the so-called embedded computers, i.e. miniaturized computers that are implemented as part of a larger device, intelligent system or installation. Along the value chain Eurotech is responsible for the research, development, engineering and marketing of products; production is mostly outsourced to a handful of qualified contract manufacturers as Eurotech has adopted a fabless production model characterized by a near total absence of production facilities.

IoT: Eurotech provides hardware and software IoT solutions under the brand name Everyware IoT. Everyware IoT is an innovative and successful IoT platform, easily scalable, based on an open-source model and that can count on the presence of a large ecosystem of partners. This platform is now bearing significant results and offers Eurotech a great driver for growth, addressing a huge market through a scalable business model.

HPEC: Strong R&D capabilities and continuous innovation allowed the Group to gain solid positioning and outstanding references also in the development of high-performance embedded computers (HPEC). Eurotech HPEC systems are the ideal solution wherever computational activity needs to take place closer to the data gathering points (i.e. Edge Computing). Fully autonomous car is an example of an application of this technology.

Positioning

Eurotech offers, as a specialized player, its embedded computers to business customers that need to deal with a higher level of complexity. The Group’s presence is particularly strong in the industrial manufacturing, transportation, medical, and defense sectors. The embedded computer market is a niche and mature market (worth Usd8-10bn), populated by few mid-sized players and several smaller specialized players. The embedded computer market is competitive, particularly in the low-end and entry level, where Taiwanese and Chinese companies (e.g. Advantech, Aaeon, Adlink) offer standardized products at low prices; Eurotech and other European (e.g. Duagon AG) and US (e.g. Abaco Systems) specialized players cover the high-end market.

Design wins with relevant customers (e.g. DB Cargo, Fresenius, Ariston Thermo), excellent positioning as recognized by market research and a strong ecosystem of partners are all good reasons to expect a tremendous speed up of Eurotech’s IoT business. The IoT market is very competitive but large enough to contain all the players able to build a successful IoT platform. Eurotech has demonstrated to also have a strong positioning in HPEC.

Growth

Revenues went from Eu91.4mn in FY08 to Eu60.1mn in FY17, posting a negative performance over the period. The decline was due to the weakness of the reference market and the disposal of Parvus in 2013 (a company with a turnover in the region of Eu18mn). A strong demand recovery in embedded computers and the increasing success of IoT and HPEC solutions brought FY18 revenues up to Eu79mn (+32% YoY); growth continued in FY19 with revenues reaching Eu102.0mn (+28.9%). FY20-21 revenues were significantly down due to negative organic trends, also related to Covid. In FY18 EBITDA reached Eu8.1mn/10.3% and jumped in FY19 to Eu20.5mn (20.1%) driven by operating leverage; in FY20 EBITDA fell to Eu6.6mn/9.6%, while bottomed to breakeven level in 2021. In FY22, Eurotech returned to growth with revenues up to Eu94mn, gross margin increased to 45%, and EBITDA was Eu7.2mn (7.6% margin). After a resilient 2023, 2024 was challenging due to the loss of a major US client.

Strategy

Eurotech will increasingly push its R&D and marketing efforts to grow IoT and HPEC businesses, which represent a long-term growth opportunity. The new CEO Massimo Milan, will act as a catalyst to restore market trust, rebuild the equity story, and accelerate execution on strategy. The new 2026-30 BP “NeXt” is a 5-year plan designed to restore competitiveness and support sustainable growth. The roadmap focuses on three main pillars: reclaiming engineering excellence by combining hardware, software and cybersecurity, compliant customer-focused solutions; end-to-end and custom offerings; and focusing resources on fewer strategic verticals where the group holds a competitive advantage (Industrial, Transportation, Energy and Defense).

Strengths	Weaknesses
Leading player in IoT and Artificial Intelligence	Customer concentration
Global footprint	Small size of the company
Significant experience, market reputation and large ecosystem of partners	Still large exposure to mature embedded market

Opportunities	Threats
M&A to accelerate scaling	Slowdown or loss of orders from large customers
Strong upselling opportunities	Unproductive R&D
Penetrating velue-added verticals (e.g. Defense)	Stronger than expected competitive pressures on embedded computers

Key shareholders	Management	Next events
Emera - 32.8%	Luca di Giacomo - Chairman	1Q26 results: 14/05/26
Free Float - 67.2%	Massimo Milan - CEO	2Q26 results: 11/09/26
	Sandro Barazza - CFO	3Q26 results: 13/11/26

4Q/FY25 Results

4Q/FY25 Results

4Q sales came in at Eu20.2mn (+25% YoY), with operating leverage driving a 12.6% EBITDA margin, ahead of our expectations.

Eu mn	4Q24A	4Q25A	YoY %	Alantra 4Q24E	AvE %	FY24A	FY25A	YoY %	Alantra FY25E	AvE
Revenues	16.1	20.2	*25%*	20.8	*-3.0%*	59.1	55.4	*-6.4%*	56.0	*-1.1%*
Gross Margin	7.7	9.8	*26%*	10.8	*-9.5%*	30.0	27.1	*-9.6%*	28.1	*-3.6%*
on sales %	*47.8%*	*48.3%*		*51.7%*		*50.7%*	*48.9%*		*50.2%*	
EBITDA Adjusted	(0.5)	2.5	*nm*	2.2	*17.5%*	(3.7)	(1.3)	*nm*	(1.7)	
Ebitda Margin %	*-2.8%*	*12.6%*		*10.4%*		*neg*	*neg*		*neg*	
EBIT Adjusted	(24.3)	0.6	*nm*	1.1		(31.0)	(6.8)	*-78%*	(6.3)	
Ebit Margin %	*neg*	*3.0%*		*5.4%*		*neg*	*neg*		*neg*	
Restated Net Profit	(28.0)	(0.0)	*nm*	2.1		(34.9)	(7.4)	*-79%*	(5.3)	
Net Profit Margin %	*neg*	*neg*		*10.1%*		*neg*	*neg*		*neg*	
NFP at year end	(20.4)	(16.8)		(19.7)		(20.4)	(16.8)		(19.7)	

Source: Alantra

Change in Estimates

New versus Old estimates

Estimates broadly confirmed

(Eu mn)	NEW Estimates FY26E	NEW Estimates FY27E	NEW Estimates FY28E	% Change FY26E	% Change FY27E	% Change FY28E	OLD Estimates FY26E	OLD Estimates FY27E	OLD Estimates FY28E
Revenues	62.0	70.8	80.0	0%	0%	na	62.2	71.1	na
EBITDA Adjusted	3.2	5.1	7.4	-4%	-3%	na	3.4	5.3	na
EBIT Adjusted	(1.1)	1.0	3.8	nm	-7%	na	(1.0)	1.1	na
Pretax Profit	(1.4)	0.7	3.4	nm	-10%	na	(1.3)	0.7	na
Net profit	(1.2)	0.5	2.8	nm	-10%	na	(1.1)	0.6	na
Net profit restated	(1.2)	0.5	2.8	nm	-10%	na	(1.1)	0.6	na
EPS	(0.0)	0.0	0.0	nm	-10%	na	(0.0)	0.0	na
Net financial position	(8.6)	(9.5)	(7.9)	-0.23	-1.61	na	(8.3)	(7.9)	na

Source: Alantra

ALANTRA
Italian Equity Research

Peers

Trading multiples

The stock is trading at discount to peers on EV/Sales

Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
EUROTECH	ITALY	58	1.1 x	1.0 x	0.9 x	nm	14.2 x	9.6 x	nm	nm	18.6 x	nm	nm	20.6 x
Premium (discount) to Peers' Average			-64%	-64%	-74%	nm	18%	-26%	nm	nm	43%	nm	nm	18%
PEERS	Average		3.2 x	2.9 x	3.3 x	14.6 x	12.0 x	12.9 x	15.2 x	12.9 x	13.0 x	20.2 x	17.4 x	17.4 x
	Median		1.7 x	1.5 x	3.5 x	7.8 x	6.8 x	11.5 x	12.3 x	9.8 x	11.7 x	19.7 x	16.7 x	15.9 x
PTC Inc.	UNITED STATES	16,157	6.8 x	6.3 x	5.5 x	13.9 x	12.8 x	10.9 x	15.0 x	13.6 x	11.7 x	19.7 x	18.0 x	15.7 x
Kontron AG	GERMANY	1,441	0.8 x	0.7 x	0.6 x	6.2 x	5.3 x	4.0 x	9.2 x	7.7 x	5.2 x	10.9 x	9.1 x	6.7 x
Advantech Co., Ltd.	TAIWAN	7,989	3.6 x	3.2 x	2.7 x	19.0 x	16.4 x	12.1 x	20.5 x	17.8 x	12.8 x	24.7 x	21.7 x	16.0 x
Curtiss-Wright Corporation	UNITED STATES	21,953	6.7 x	6.1 x	5.6 x	30.0 x	26.8 x	24.1 x	35.2 x	30.8 x	27.4 x	45.2 x	40.4 x	35.8 x
Mercury Systems, Inc.	UNITED STATES	4,217	5.3 x	4.8 x	4.3 x	36.7 x	25.5 x	20.3 x	nm	nm	nm	nm	nm	nm
Digi International Inc.	UNITED STATES	1,651	na	na	na	na	na	na	na	na	na	22.0 x	19.3 x	18.1 x
PEERS Embedded and IoT	Average		4.7 x	4.2 x	3.7 x	21.2 x	17.3 x	14.3 x	20.0 x	17.5 x	14.3 x	24.5 x	21.7 x	18.5 x
	Median		5.3 x	4.8 x	4.3 x	19.0 x	16.4 x	12.1 x	17.7 x	15.7 x	12.3 x	22.0 x	19.3 x	16.0 x
Interpump Group S.p.A.	ITALY	3,519	1.7 x	1.5 x	1.4 x	7.7 x	6.8 x	6.0 x	10.6 x	9.1 x	7.9 x	15.1 x	13.2 x	12.2 x
Datalogic S.p.A.	ITALY	223	0.4 x	0.4 x	na	4.0 x	3.3 x	na	10.0 x	7.5 x	na	12.4 x	9.6 x	na
SECO S.p.A.	ITALY	350	1.7 x	1.5 x	na	7.8 x	6.3 x	na	14.1 x	10.5 x	na	22.0 x	16.7 x	na
B&C Speakers S.p.A.	ITALY	146	1.3 x	1.2 x	na	5.9 x	5.2 x	na	6.7 x	5.9 x	na	9.9 x	9.0 x	na
PEERS Italian Industrials	Average		1.3 x	1.2 x	1.4 x	6.3 x	5.4 x	6.0 x	10.4 x	8.2 x	7.9 x	14.9 x	12.1 x	12.2 x
	Median		1.5 x	1.3 x	1.4 x	6.8 x	5.8 x	6.0 x	10.3 x	8.3 x	7.9 x	13.8 x	11.4 x	12.2 x

Source: Alantra estimates and Factset

Financials

Stronger sales CAGR 26-28 than peers, starting from a low base

Company	Country	Mkt Cap (Eu mn)	FY26E - FY28E average margins					CAGR FY26E - FY28E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS
EUROTECH	ITALY	58	7.2%	1.5%	0.8%	3.7%	0.0%	13.6%	nm	nm	nm
PEERS	Average		23.1%	17.1%	12.2%	3.3%	27.4%	8.3%	15.1%	16.6%	16.0%
	Median		22.6%	17.1%	11.7%	2.7%	15.6%	8.0%	9.9%	15.7%	11.9%
PTC Inc.	UNITED STATES	16,157	49.6%	46.1%	33.3%	0.6%	0.0%	8.0%	9.2%	9.3%	11.4%
Kontron AG	GERMANY	1,441	14.3%	10.2%	8.1%	4.3%	40.9%	10.4%	18.4%	26.5%	27.0%
Advantech Co., Ltd.	TAIWAN	7,989	20.3%	19.0%	16.3%	1.9%	75.6%	14.8%	25.0%	26.2%	24.1%
Curtiss-Wright Corporation	UNITED STATES	21,953	22.7%	19.7%	15.3%	2.5%	6.1%	7.9%	9.9%	11.4%	12.4%
Mercury Systems, Inc.	UNITED STATES	4,217	18.2%	4.7%	1.5%	2.9%	0.0%	8.8%	31.3%	nm	nm
Digi International Inc.	UNITED STATES	1,651	26.3%	17.2%	11.8%	0.7%	na	4.0%	6.8%	20.0%	10.2%
PEERS Embedded and IoT	Average		25.2%	19.5%	14.4%	2.1%	24.5%	9.0%	16.8%	18.7%	17.0%
	Median		21.5%	18.1%	13.6%	2.2%	6.1%	8.4%	14.2%	20.0%	12.4%
Interpump Group S.p.A.	ITALY	3,519	22.8%	17.0%	11.6%	4.5%	15.6%	4.1%	5.3%	6.5%	10.8%
Datalogic S.p.A.	ITALY	223	11.4%	4.8%	2.8%	5.4%	48.1%	na	na	na	na
SECO S.p.A.	ITALY	350	22.7%	13.1%	7.2%	9.2%	0.0%	na	na	na	na
B&C Speakers S.p.A.	ITALY	146	22.5%	19.7%	14.3%	1.5%	60.6%	na	na	na	na
PEERS Italian Industrials	Average		19.8%	13.7%	9.0%	5.2%	31.1%	4.1%	5.3%	6.5%	10.8%
	Median		22.6%	15.0%	9.4%	5.0%	31.8%	4.1%	5.3%	6.5%	10.8%

Source: Alantra estimates and Factset

Performance

ETH share price underperformed vs peers in the last 12 months

Company	Country	Mkt Cap (Eu mn)	Performance 1M	3M	6M	1YR	3YR	5YR
EUROTECH	ITALY	58	3.5%	5.2%	8.9%	11.9%	-69.1%	-77.9%
PEERS	Average		4.6%	0.1%	13.4%	34.4%	38.3%	80.4%
	Median		1.0%	-7.1%	6.7%	12.6%	13.8%	36.2%
PTC Inc.	UNITED STATES	16,380	-6.8%	-19.0%	-19.5%	-12.7%	21.9%	36.2%
Kontron AG	GERMANY	1,540	2.5%	-6.5%	-17.6%	23.3%	22.8%	3.4%
Advantech Co., Ltd.	TAIWAN	6,697	2.1%	-10.6%	-14.8%	-23.4%	-5.5%	-9.9%
Curtiss-Wright Corporation	UNITED STATES	20,368	16.6%	15.2%	36.1%	93.5%	311.8%	533.0%
Mercury Systems, Inc.	UNITED STATES	5,081	36.1%	28.6%	90.7%	145.8%	99.9%	40.4%
Digi International Inc.	UNITED STATES	1,371	-2.0%	13.8%	30.0%	41.6%	30.0%	124.8%
PEERS Embedded and IoT	Average		8.1%	3.6%	17.5%	44.7%	80.2%	121.3%
	Median		2.3%	3.7%	7.6%	32.4%	26.4%	38.3%
Interpump Group S.p.A.	ITALY	4,998	-0.1%	6.6%	23.0%	2.0%	-5.8%	23.1%
Datalogic S.p.A.	ITALY	250	-5.9%	-7.8%	-9.6%	-9.5%	-55.3%	-71.2%
SECO S.p.A.	ITALY	418	10.4%	-10.9%	30.8%	94.3%	-42.2%	na
B&C Speakers S.p.A.	ITALY	155	-7.3%	-8.8%	-14.8%	-11.4%	5.6%	43.7%
PEERS Italian Industrials	Average		-0.7%	-5.2%	7.3%	18.9%	-24.4%	-1.5%
	Median		-3.0%	-8.3%	6.7%	-3.8%	-24.0%	23.1%

Source: Alantra estimates and Factset

Disclaimer

Explanation of Ratings: Alantra Capital Markets Sociedad de Valores SAU (Italian Branch) ("Alantra CM (Italian Branch)") Research Department provides six core ratings: BUY, HOLD, SELL, NOT RATED, UNDER REVIEW and SUSPENDED, based on the expected performance over the next 12 months.

BUY: The stock is expected to generate returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate returns of 0-10% during the next 12 months.

SELL: The stock is expected to generate negative returns during the next 12 months.

NOT RATED: The stock is not covered.

UNDER REVIEW: An event occurred with an expected significant impact on our target price and we cannot issue a recommendation before having processed that new information and/or without a new share price reference.

SUSPENDED: Alantra CM (Italian Branch) is precluded from providing an investment rating or price target for compliance reasons.

Due to share price volatility, ratings and target prices may occasionally and temporarily be inconsistent with the above definition.

This report has been prepared by Alantra CM (Italian Branch), which is pertaining to the Alantra Group, a financial Spanish group that provides investment banking, asset management, equities brokerage, capital markets and financial advisory services.

Analyst Certification

Each authoring analyst of Alantra CM (Italian Branch) whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research.

This report is solely for the information of clients of Alantra CM (Italian Branch) and for distribution only under such circumstances as may be permitted by applicable law. Alantra CM (Italian Branch) specifically prohibits the redistribution of this material in whole or in part without the prior written permission of Alantra CM (Italian Branch) and therefore Alantra CM (Italian Branch) accepts no liability whatsoever for the actions or third parties in this respect.

Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. This report is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. The information contained in this research has been compiled by Alantra CM (Italian Branch) from sources believed to be reliable, but no representation or warranty, either expressed or implied, is provided in relation to the fairness, accuracy, completeness or correctness of the information contained herein, nor it is intended to be a complete statement or summary of the securities or markets referred to in this report. Alantra CM (Italian Branch) nor any of its affiliates has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Alantra CM (Italian Branch)'s judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability. Alantra CM (Italian Branch) its affiliated companies or any other person does not undertake that investors will obtain profits nor accept any liability for any investment losses arising from any use of this report or its contents. This report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas of the Alantra Group as a result of using different assumptions and criteria. Research will be initiated, updated and coverage ceased solely at the discretion of Alantra CM (Italian Branch). The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. Alantra CM (Italian Branch) is under no obligation or keep current the information contained in this report.

From time to time, Alantra CM (Italian Branch) salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our principal trading desk that reflect opinions that are contrary to the opinions expressed in this research. Alantra CM (Italian Branch)'s affiliates, principal trading desk, and investing businesses also from time to time may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

Investments involve risks and investors should exercise prudence in making their investment decisions. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Stocks bear significantly risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in a material loss. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report.

Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been realized at those prices.

Neither Alantra CM (Italian Branch) nor any of the companies pertaining to the Alantra Group nor any of their shareholders, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report.

Except as otherwise specified herein, this material is exclusively communicated by Alantra CM (Italian Branch) to persons who are eligible counterparties or professional clients and is only available to such persons. The information contained herein does not apply to retail clients.

The analysts responsible for the preparation of this report may interact with trading desk personnel, sales personnel and investment managers. Alantra CM (Italian Branch), any other company pertaining to the Alantra Group, and any of their shareholders, directors, employees may, to the extent permitted by law, have a position or otherwise be interested in any transactions, in any investments directly or indirectly the subject of this publication. The Alantra Group relies on information barriers to control the flow of information contained in one or more areas within the Alantra Group, into other areas, units, groups or affiliates of the Alantra Group. The Alantra Group may do and seek to do business with companies covered in its research reports. As a result, investors should be aware that the Alantra Group may have a conflict of interests. Information regarding transactions in which the Alantra Group has acted as an advisor, or provided professional services, is available on Alantra Group's website (http://www.alantra.com).The Alantra Group has established, implemented and maintains an effective conflicts of interest policy appropriate to its size and organization and to the nature, scale and complexity of its business. Investors should consider this report as only a single factor in making their investment decisions.

Conflict of interest

In order to disclose its possible conflicts of interest Alantra states that:

- Alantra is Corporate Broker of the following Companies: Eurotech, ICF, Tecma Solutions, Planetel, Powersoft, ATON Green Storage, Comer Industries, Edil San Felice, Fae Technology, Kruso Kapital, Redfish Longterm Capital, B&C Speakers, Trevi, Next Geosolutions Europe, ICOP, Cyberoo, DEA, Smart Capital, Expert.ai, SIAV, Franchi Umberto Marmi, Otofarma, Neodecortech

Research Distribution Policy

Alantra CM (Italian Branch) research will be available simultaneously for all of Alantra CM (Italian Branch)'s customers who are entitled to receive the firm's research. Research may be distributed by the firm's sales and trading personnel via email, instant message or other electronic means. Customers entitled to receive research may also receive it via third party vendors. Until such time as research is made available to Alantra CM (Italian Branch)'s customers as described above, Authoring Analysts will not discuss the contents of their research with Sales and Trading or Investment Banking employees without prior compliance consent.

For further information about the proprietary model(s) associated with the covered issuer(s) in this research report, clients should contact their local sales representative.

The disclosures contained in research reports produced by Alantra CM (Italian Branch) shall be governed by and construed in accordance with Spanish and Italian laws.

The receipt of this report implies full acceptance by its recipients of the contents of this disclaimer.

Alantra Capital Markets Sociedad de Valores SAU is the Spanish investment firm located in Madrid, Calle de José Ortega y Gasset 29, registered at the Comisión Nacional del Mercado de Valores (CNMV) with number 258. Alantra CM (Italian Branch) is located in Milano (Italy), Via Borgonuovo 16 with number 155.