ALANTRA
Italian Equity Research

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EUROTECH

Sector: Technology

Turnaround on track, with improving quarters ahead

ETH reported a solid 1Q26, confirming that the turnaround is progressing, with revenues at Eu10.7mn (+29.3% YoY, +36.8% at constant FX) supported by the positive order intake trend recorded in 2H25 and continued into 1Q26. Profitability improved materially, with adj. EBITDA at Eu-1.6mn vs Eu-3.6mn in 1Q25, reflecting stronger volumes, a leaner cost base and efficiency actions, while gross margin remained resilient at 49.2% despite component procurement volatility. Net debt declined to Eu10.0mn from Eu16.8mn at YE25, mainly driven by the February capital increase, partly offset by higher WC due to inventory build-up. The mgmt. confirmed a progressive improvement in throughout 2026, supported by backlog evolution and ongoing restructuring initiatives, although volatility in key components suggests some caution. We broadly confirm FY26E targets, implying a double-digit sales growth and positive EBITDA margin (5%). BUY and TP of Eu1.25 reiterated (30% upside).

- **Revenues showed a strong rebound, confirming momentum.** Eurotech reported 1Q26 revenues of Eu10.7mn (+29.3% YoY), marking a clear improvement vs Eu8.3mn in 1Q25 and confirming the positive order intake trend recorded in 2H25, which continued into the first quarter. At constant exchange rates, revenue growth would have been even stronger at +36.8%. Geographically, growth was broad-based, with the EU up 36.6% YoY (54.4% of sales), the US more than tripling YoY (16.2%) and Japan up 12.4% YoY.

- **Margins remained resilient, while operating profitability materially improved.** Gross margin stood at 49.2%, broadly stable vs 49.6% in 1Q25, reflecting operating improvement and supply chain optimisation measures despite high volatility in the procurement of certain strategic components. Adj. EBITDA improved significantly to Eu-1.6mn from Eu-3.6mn in 1Q25, with the margin improving to -14.9% from -43.5%, supported by volume growth, efficiency measures and cost containment actions. Operating costs declined to Eu7.4mn from Eu9.0mn, highlighting the benefits of the restructuring actions already implemented. EBIT stood at -Eu2.8mn vs -Eu4.8mn in 1Q25, reflecting the improvement in EBITDA and broadly stable D&A. The group net loss narrowed to Eu2.6mn from Eu5.0mn in 1Q25, reducing the 1Q loss by 47% YoY and confirming the ongoing turnaround path, although profitability has not yet fully normalised.

- **Net debt improved significantly, mainly supported by the capital increase.** Net debt improved to Eu10.0mn from Eu16.8mn at YE25 and Eu18.7mn in 1Q25. The improvement was mainly attributable to the capital increase completed in February 2026, partially offset by higher net working capital, which rose to Eu11.4mn from Eu9.7mn at YE25, mainly due to higher inventories. The strengthened capital structure provides additional support to the execution of the Eurotech neXt industrial plan.

- **Constructive messages from the call reiterate momentum.** Management highlighted that the market context remains affected by cost volatility in key components, particularly memory/SSD, which accounts for c. 10-30% of the Bill of Materials. However, greater efficiency in raw material sourcing and price pass-through, should help keep GM attractive. During the call, the mgmt. also noted that order intake remains up 20% YoY, confirming a build-up in momentum and pointing to a 2Q performance likely stronger than 1Q and 2Q25. This supports expectations of YoY improvement in 1H26, while management confirmed its FY guidance of positive EBITDA.

- **Picture broadly confirmed.** We maintain our trend projections broadly in line with previous figures, confirming: 1) positive FY26E EBITDA, with a 5% margin expanding to 9% by FY28E; 2) positive EBIT and bottom-line breakeven by FY27E; and 3) improved NFP/EBITDA, targeting 1.2x 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 confirm our BUY rating and TP of Eu1.25/s.** Our updated valuation supports an unchanged TP of Eu1.25/share, confirming our BUY recommendation. A continuation of the current momentum, together with a potential acceleration in deliveries, could provide meaningful upside to our numbers and re-rating potential.

BUY
Unchanged

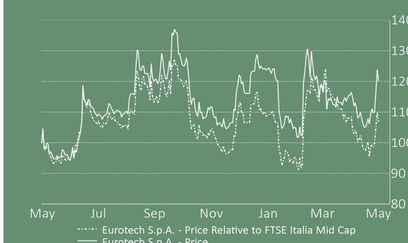
TP 1.25
Unchanged

Target price upside 30%

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)		39
Daily AVG liquidity Ord. (Eu k)		218

	1M	3M	12M
Absolute Perf.	7.2%	17.6%	26%
Rel.to FTSEMidCap	2.0%	15.8%	13%
52 weeks range		0.8	1.1



	FY25A	FY26E	FY27E
Sales	55	61	70
EBITDA adj.	(1.3)	2.8	4.8
Net profit adj.	(7.4)	(1.5)	0.3
EPS adj.	(0.20)	(0.03)	0.01
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.	nm	nm	15.2x
P/E adj.	nm	nm	nm
Dividend yield	0.0%	0.0%	0.0%
FCF yield	nm	-4.1%	-1.9%
Net debt/(Net cash)	16.8	8.5	9.5
Net debt/EBITDA	nm	3.0x	2.0x

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

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Summary Financials (IFRS)

P&L account (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	59.1	55.4	60.9	69.6	78.6
Gross margin	30.0	27.1	30.2	34.6	39.1
EBITDA reported	(5.0)	(3.1)	2.8	4.8	7.0
D&A	(27.3)	(5.5)	(4.3)	(4.1)	(3.5)
EBIT reported	(32.3)	(8.5)	(1.5)	0.7	3.5
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)	(1.9)	0.4	3.1
Taxes	(3.5)	(0.0)	0.4	(0.1)	(0.6)
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)	(1.5)	0.3	2.5
EBITDA adjusted	**(3.7)**	**(1.3)**	**2.8**	**4.8**	**7.0**
EBIT adjusted	**(31.0)**	**(6.8)**	**(1.5)**	**0.7**	**3.5**
Net profit adjusted	**(34.9)**	**(7.4)**	**(1.5)**	**0.3**	**2.5**

Margins (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	50.7%	48.9%	49.5%	49.7%	49.7%
EBITDA margin (adj)	-6.3%	-2.3%	4.6%	6.9%	8.9%
EBIT margin (adj)	-52.4%	-12.3%	-2.5%	1.1%	4.4%
Pre-tax margin	-55.2%	-16.5%	-3.1%	0.5%	3.9%
Net profit margin (adj)	-59.0%	-13.4%	-2.4%	0.4%	3.2%

Growth rates (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	-37.3%	-6.4%	10.0%	14.2%	13.0%
EBITDA	-179.2%	-38.3%	11.3%	14.7%	45.8%
EBITDA adjusted	-151.8%	-65.0%	nm	nm	45.8%
EBIT	nm	nm	-21.8%	-5.6%	-13.0%
EBIT adjusted	nm	nm	-82.3%	-149.0%	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)**	**(0.030)**	**0.005**	**0.042**
EPS adjusted	**(0.983)**	**(0.201)**	**(0.030)**	**0.005**	**0.042**
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	1.261	1.044	1.085

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	48.6	33.8	57.4	57.4	57.4
Net debt/(Net cash)	20.4	16.8	8.5	9.5	8.1
Adjustments	6.8	7.1	5.8	5.8	5.8
Enterprise value	75.8	57.7	71.6	72.7	71.3

Cash flow (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
EBITDA adjusted	(3.7)	(1.3)	2.8	4.8	7.0
Net financial charges	(0.4)	(0.6)	(0.4)	(0.4)	(0.4)
Cash taxes	(3.5)	(0.0)	0.4	(0.1)	(0.6)
Ch. in Working Capital	8.5	5.0	(2.7)	(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**	**1.4**	**4.1**
Capex	(5.0)	(2.2)	(2.4)	(2.5)	(2.7)
FCF	**(0.7)**	**(2.0)**	**(2.4)**	**(1.1)**	**1.4**
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	2.5	6.9	10.7	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**	**8.3**	**(1.1)**	**1.4**

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	-22.2%	19.7%
FCF/Net profit	nm	21.5%	nm	-349.2%	55.6%
Dividend pay-out	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

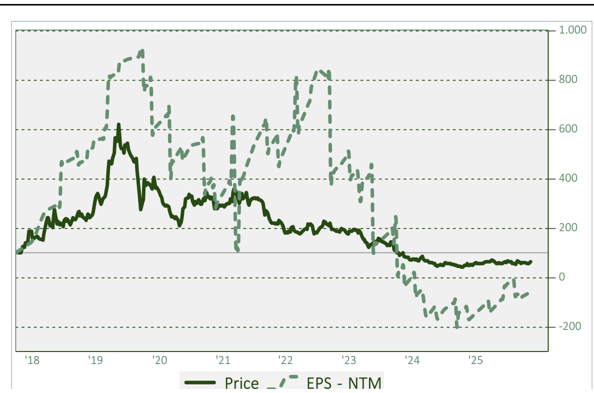
Balance sheet (Eu mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Working capital	15.1	9.9	12.7	15.6	17.6
Fixed assets	73.1	65.4	63.5	62.0	61.1
Provisions & others	(7.1)	(5.8)	(5.8)	(5.8)	(5.8)
Net capital employed	**81.1**	**69.5**	**70.4**	**71.8**	**72.9**
Net debt/(Net cash)	**20.4**	**16.8**	**8.5**	**9.5**	**8.1**
Equity	60.7	52.7	61.9	62.2	64.7
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%**	**20.8%**	**22.4%**	**22.3%**
Net debt/Equity	**33.6%**	**31.9%**	**13.7%**	**15.3%**	**12.6%**
Net debt/EBITDA	**nm**	**nm**	**3.0x**	**2.0x**	**1.2x**

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
EV/CE	**0.9x**	**0.8x**	**0.9x**	**0.9x**	**0.9x**
P/BV	0.8x	0.6x	0.9x	0.9x	0.9x
EV/Sales	1.3x	1.0x	1.2x	1.0x	0.9x
EV/EBITDA	nm	nm	nm	15.2x	10.2x
EV/EBITDA adjusted	**nm**	**nm**	**nm**	**15.2x**	**10.2x**
EV/EBIT	nm	nm	nm	nm	20.6x
EV/EBIT adjusted	**nm**	**nm**	**nm**	**nm**	**20.6x**
P/E	nm	nm	nm	nm	23.1x
P/E adjusted	**nm**	**nm**	**nm**	**nm**	**23.1x**
ROCE pre-tax	nm	nm	nm	nm	4.4%
ROE	**nm**	**nm**	**nm**	**nm**	**3.8%**
EV/FCF	nm	nm	nm	nm	51.7x
FCF yield	**nm**	**nm**	**-4.1%**	**-1.9%**	**2.4%**
Dividend yield	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

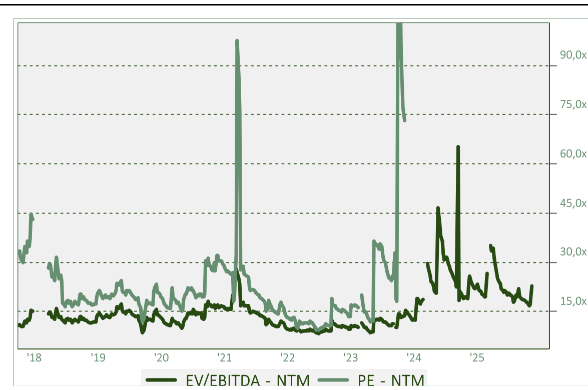
Share price performance

The stock price is close to its historical lows



Valuation

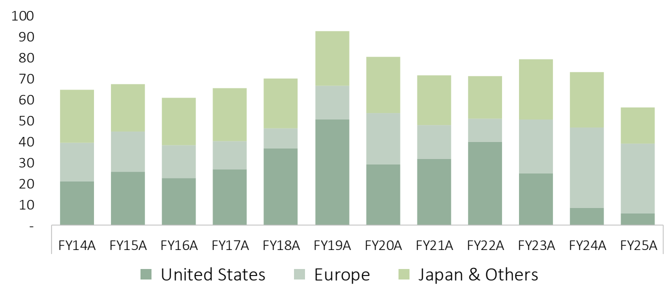
EV/EBITDA NTM multiples are nm



Key Charts

Revenue trend (FY14-FY25A)

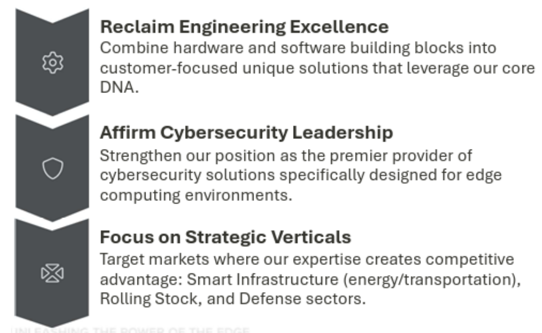
Revenues peaked in 2019 to over Eu100mn



Source: Company data

Mid-term strategic plan

Rethink initiative pivots on core ETH strengths and strategic verticals



Source: Company data

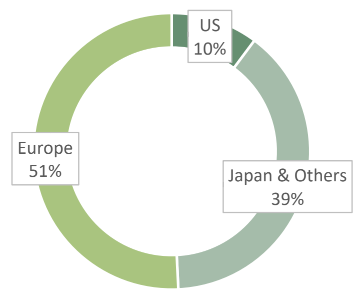
NeXt 2026-30 BP targets

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

Source: Company data

Revenue breakdown by Geography (FY25A)

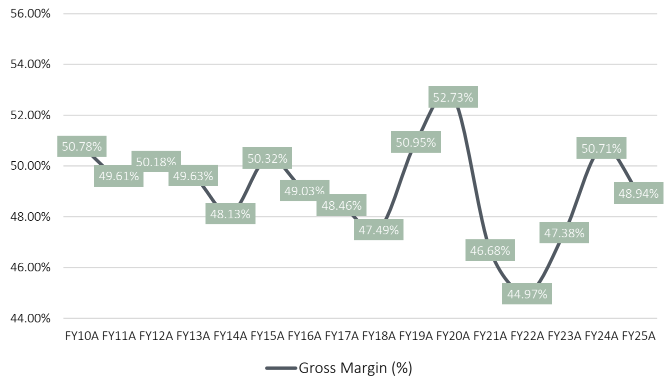
Eurotech is primarily exposed to Europe and Japan



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	2Q26 results: 11/09/26
Free Float - 67.2%	Massimo Milan - CEO	3Q26 results: 13/11/26
	Sandro Barazza - CFO	

1Q26 Results

1Q26 Results

1Q26 revenues increased to Eu10.7mn (+29.3% YoY). GM remained resilient, while operating profitability materially improved.

Eu mn	1Q25A	1Q26A	YoY %	FY25A	OLD FY26E	YoY %
Revenues	8.3	10.7	*29%*	55.4	62.0	*12.0%*
Gross Margin	4.1	5.3	*28%*	27.1	31.1	*14.9%*
on sales %	*49.6%*	*49.2%*		*48.9%*	*50.2%*	
EBITDA Adjusted	(3.6)	(1.6)	*nm*	(1.3)	3.2	*nm*
Ebitda Margin %	*neg*	*neg*		*neg*	*neg*	
EBIT Adjusted	(4.8)	(2.8)	*nm*	(6.8)	(1.1)	*nm*
Ebit Margin %	*neg*	*neg*		*neg*	*neg*	
Restated Net Profit	(5.0)	(2.6)	*nm*	(7.4)	(1.2)	*nm*
Net Profit Margin %	*neg*	*neg*		*neg*	*neg*	
NFP at year end	(18.7)	(10.0)		(16.8)	(8.6)	

Source: Alantra

Change in Estimates

New versus Old estimates

We keep our projection trend broadly unchanged, with FY26E EBITDA turning positive, breakeven by FY27E and NFP/EBITDA improving to 1.2x by FY28E.

	NEW Estimates			% Change			OLD Estimates		
(Eu mn)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenues	60.9	69.6	78.6	-2%	-2%	-2%	62.0	70.8	80.0
EBITDA Adjusted	2.8	4.8	7.0	-13%	-6%	-5%	3.2	5.1	7.4
EBIT Adjusted	(1.5)	0.7	3.5	nm	nm	nm	(1.1)	1.0	3.8
Pretax Profit	(1.9)	0.4	3.1	nm	nm	nm	(1.4)	0.7	3.4
Net profit	(1.5)	0.3	2.5	nm	nm	nm	(1.2)	0.5	2.8
Net profit restated	(1.5)	0.3	2.5	nm	nm	nm	(1.2)	0.5	2.8
EPS	(0.0)	0.0	0.0	nm	nm	nm	(0.0)	0.0	0.0
Net financial position	(8.5)	(9.5)	(8.1)	0.11	-0.06	-0.27	(8.6)	(9.5)	(7.9)

Source: Alantra

Peers

Trading multiples

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

Company	Country	Mkt Cap (Eu mn)	EV/Sales FY26E	EV/Sales FY27E	EV/Sales FY28E	EV/EBITDA FY26E	EV/EBITDA FY27E	EV/EBITDA FY28E	EV/EBIT FY26E	EV/EBIT FY27E	EV/EBIT FY28E	PE FY26E	PE FY27E	PE FY28E
EUROTECH	ITALY	60	1.2 x	1.0 x	0.9 x	nm	15.2 x	10.2 x	nm	nm	20.6 x	nm	nm	23.1 x
Premium (discount) to Peers' Average			-65%	-66%	-67%	nm	11%	-11%	nm	nm	69%	nm	nm	35%
PEERS	Average		3.4 x	3.1 x	2.7 x	16.1 x	13.6 x	11.5 x	17.1 x	14.4 x	12.2 x	22.5 x	19.6 x	17.1 x
	Median		1.9 x	1.7 x	1.6 x	8.5 x	7.6 x	6.7 x	13.3 x	11.1 x	9.2 x	17.6 x	16.2 x	14.5 x
PTC Inc.	UNITED STATES	13,830	6.3 x	5.7 x	5.0 x	12.8 x	11.6 x	9.7 x	13.3 x	12.4 x	10.5 x	17.6 x	16.2 x	14.5 x
Kontron AG	GERMANY	1,529	0.9 x	0.8 x	0.7 x	7.4 x	6.4 x	5.7 x	13.2 x	9.2 x	8.2 x	12.4 x	10.5 x	10.0 x
Advantech Co., Ltd.	TAIWAN	10,938	4.6 x	4.2 x	3.5 x	22.9 x	20.4 x	16.8 x	25.4 x	22.5 x	17.9 x	29.9 x	27.0 x	22.0 x
Curtiss-Wright Corporation	UNITED STATES	23,747	7.4 x	6.7 x	6.1 x	33.2 x	29.6 x	26.1 x	38.5 x	33.9 x	30.0 x	49.4 x	44.3 x	39.1 x
Mercury Systems, Inc.	UNITED STATES	4,860	6.1 x	5.5 x	5.0 x	40.9 x	31.2 x	24.7 x	nm	nm	nm	nm	nm	nm
Digi International Inc.	UNITED STATES	2,073	na	na	na	na	na	na	na	na	na	26.3 x	23.6 x	23.1 x
PEERS Embedded and IoT	Average		5.1 x	4.6 x	4.1 x	23.4 x	19.8 x	16.6 x	22.6 x	19.5 x	16.6 x	27.1 x	24.3 x	21.7 x
	Median		6.1 x	5.5 x	5.0 x	22.9 x	20.4 x	16.8 x	19.4 x	17.4 x	14.2 x	26.3 x	23.6 x	22.0 x
Interpump Group S.p.A.	ITALY	4,037	1.9 x	1.7 x	1.6 x	8.5 x	7.6 x	6.7 x	11.6 x	10.2 x	8.9 x	16.7 x	14.9 x	13.5 x
Datalogic S.p.A.	ITALY	268	0.5 x	0.4 x	0.4 x	4.6 x	3.9 x	3.7 x	12.0 x	9.1 x	7.8 x	15.1 x	12.5 x	8.5 x
SECO S.p.A.	ITALY	343	1.7 x	1.5 x	1.3 x	8.3 x	7.0 x	5.9 x	15.6 x	12.1 x	9.4 x	25.3 x	18.9 x	15.6 x
B&C Speakers S.p.A.	ITALY	117	1.2 x	1.1 x	1.0 x	6.0 x	5.1 x	4.4 x	7.1 x	6.0 x	5.1 x	10.1 x	8.7 x	7.8 x
PEERS Italian Industrials	Average		1.3 x	1.2 x	1.1 x	6.8 x	5.9 x	5.2 x	11.6 x	9.3 x	7.8 x	16.8 x	13.7 x	11.4 x
	Median		1.4 x	1.3 x	1.1 x	7.2 x	6.0 x	5.1 x	11.8 x	9.6 x	8.4 x	15.9 x	13.7 x	11.0 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: EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	CAGR FY26E - FY28E: Sales	EBITDA	EBIT	EPS
EUROTECH	ITALY	60	6.8%	1.0%	0.4%	3.7%	0.0%	13.6%	nm	nm	nm
PEERS	Average		22.7%	16.7%	11.8%	3.5%	26.9%	6.8%	10.6%	14.4%	14.8%
	Median		21.1%	16.6%	11.4%	2.7%	15.8%	6.8%	8.7%	14.5%	12.5%
PTC Inc.	UNITED STATES	13,830	50.1%	47.0%	34.6%	0.6%	0.0%	6.8%	9.3%	7.3%	10.4%
Kontron AG	GERMANY	1,529	13.0%	8.5%	6.7%	4.3%	35.1%	6.8%	8.0%	20.6%	11.5%
Advantech Co., Ltd.	TAIWAN	10,938	20.4%	18.7%	16.2%	2.3%	71.0%	13.6%	16.0%	18.4%	16.5%
Curtiss-Wright Corporation	UNITED STATES	23,747	22.8%	19.8%	15.4%	2.5%	6.0%	8.0%	10.9%	11.5%	12.5%
Mercury Systems, Inc.	UNITED STATES	4,860	17.7%	4.8%	1.7%	2.8%	0.0%	8.8%	26.3%	nm	nm
Digi International Inc.	UNITED STATES	2,073	26.5%	16.2%	11.2%	0.7%	na	2.6%	4.3%	22.9%	6.6%
PEERS Embedded and IoT	Average		25.1%	19.2%	14.3%	2.2%	22.4%	7.8%	12.5%	16.1%	11.5%
	Median		21.6%	17.5%	13.3%	2.4%	6.0%	7.4%	10.1%	18.4%	11.5%
Interpump Group S.p.A.	ITALY	4,037	22.8%	17.0%	11.6%	4.5%	15.8%	3.7%	5.1%	6.2%	10.7%
Datalogic S.p.A.	ITALY	268	11.1%	4.8%	2.9%	5.6%	49.6%	4.9%	7.3%	14.5%	22.2%
SECO S.p.A.	ITALY	343	21.5%	12.5%	5.0%	9.6%	0.0%	10.2%	13.3%	21.8%	29.8%
B&C Speakers S.p.A.	ITALY	117	20.7%	17.6%	12.7%	1.9%	64.2%	3.1%	5.7%	6.3%	13.4%
PEERS Italian Industrials	Average		19.0%	13.0%	8.1%	5.4%	32.4%	5.5%	7.8%	12.2%	19.0%
	Median		21.1%	14.7%	8.3%	5.1%	32.7%	4.3%	6.5%	10.4%	17.8%

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	60	7.2%	17.6%	10.7%	25.7%	-64.2%	-78.2%
PEERS	Average		4.0%	7.2%	12.1%	30.4%	51.4%	73.9%
	Median		2.9%	4.6%	1.7%	13.9%	14.6%	10.6%
PTC Inc.	UNITED STATES	13,830	4.6%	-10.8%	-22.1%	-18.4%	7.5%	8.4%
Kontron AG	GERMANY	1,529	14.4%	-1.1%	-2.3%	1.4%	21.8%	12.8%
Advantech Co., Ltd.	TAIWAN	10,938	35.2%	52.5%	60.1%	34.0%	31.3%	57.6%
Curtiss-Wright Corporation	UNITED STATES	23,747	1.1%	9.7%	36.1%	86.9%	359.7%	487.2%
Mercury Systems, Inc.	UNITED STATES	4,860	12.4%	14.8%	33.4%	110.7%	129.8%	48.4%
Digi International Inc.	UNITED STATES	2,073	16.6%	33.1%	67.3%	93.0%	100.1%	253.4%
PEERS Embedded and IoT	Average		14.1%	16.4%	28.8%	51.3%	108.4%	144.6%
	Median		13.4%	12.3%	34.8%	60.4%	65.7%	53.0%
Interpump Group S.p.A.	ITALY	4,037	-1.4%	-10.7%	-13.5%	6.9%	-27.9%	-16.7%
Datalogic S.p.A.	ITALY	268	-17.2%	5.5%	5.7%	-0.5%	-36.9%	-76.1%
SECO S.p.A.	ITALY	343	-10.6%	3.6%	-13.9%	20.8%	-44.0%	-30.8%
B&C Speakers S.p.A.	ITALY	117	-14.9%	-24.3%	-30.3%	-30.5%	-26.9%	-4.9%
PEERS Italian Industrials	Average		-11.0%	-6.4%	-13.0%	-0.8%	-33.9%	-32.1%
	Median		-12.7%	-3.5%	-13.7%	3.2%	-32.4%	-23.8%

Source: Alantra estimates and Factset

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