

June 2, 2026

Electro-Alfa International

Q1 2026 results broadly in line with expectations

* Electro-Alfa International reported Q1 2026 net profit of RON 6.2m, up 2.9% Y/Y and 2% above our forecast, mainly due to a stronger-than-expected financial result and slightly higher EBITDA. Revenues increased 12.2% Y/Y to RON 135.1m, 3.6% above our estimate, while EBITDA reached RON 10.6m, up 2.0% Y/Y and RON 0.6m ahead of our expectations.

* Total Q1 2026 revenues increased 12.2% Y/Y to RON 135.1m. Growth was driven by a 26.9% increase in finished goods sales to RON 88.7m and merchandise revenues more than tripling to RON 12.0m, supported by deliveries to Ukraine. This more than offset a 26.9% decline in services revenues to RON 34.0m, reflecting the timing of execution and revenue recognition of EPC projects. Demand remained supported by investments in Romania's electricity infrastructure. In addition, sales of finished products continued to benefit from deliveries to the U.S., where revenues increased to RON 29.5m from RON 27.8m in Q1 2025.

* On the cost side, operating expenses increased 13.3% Y/Y to RON 128.1m. Employee expenses surged 83.7% Y/Y to RON 25.5m as the average number of employees increased to 565 from 310 in the previous period, while raw materials and merchandise expenses rose 30.6% Y/Y to RON 76.5m on higher production volumes and equipment deliveries. D&A increased 12.9% Y/Y to RON 3.0m following the expansion of the asset base. These increases were partly offset by a 49.1% decline in third-party expenses to RON 16.4m, mainly due to lower subcontractor costs recognised during the quarter, as a significant portion of projects remained work-in-progress at quarter-end. The company also recorded RON 0.6m of minimum turnover tax within other operating expenses.

* Overall, EBITDA increased 2.0% Y/Y to RON 10.6m, implying a margin of 7.9%, down 0.8pp Y/Y, as higher personnel and raw material costs largely offset stronger sales and lower subcontractor expenses.

* From a segment perspective, manufacturing operating profit declined to RON 4.6m from RON 7.0m previously, with the operating margin decreasing to 5.1%, reflecting a less favourable project mix and timing. In contrast, EPC operating profit increased to RON 3.3m from RON 0.8m, while the operating margin improved to 7.3%, mainly due to lower subcontractor costs.

* Below operating profitability, EAI benefited from higher interest income on IPO proceeds held in bank deposits. Net profit was also partly affected by a RON 2.1m deferred tax expense.

* **FY 2026 OUTLOOK:** Q1 results were broadly in line with our expectations and support our view of a seasonally weaker start to the year. Management reiterated that Q1 is typically the weakest quarter (13% of FY26 budget) due to weather conditions and state budget approval delays, with activity expected to accelerate over the coming quarters and Q4 typically the strongest period of the year. Following the planned consolidation of Spiact and Elcomex, our FY 2026 EBITDA estimate remains roughly in line with the company's budgeted figure of RON 133m. At this stage, we leave our forecasts unchanged. EAI currently trades at FY'26B EV/EBITDA of 12.8x, compared to a peer median of around 17.0x. The valuation gap has widened following the significant rerating seen across the peer group. We believe the current discount leaves room for further rerating should the company continue to deliver on its growth and profitability targets | **POSITIVE.**

Romania, Electrical Engineering and Contracting

Q1 2026 First look

BQ: EAI RO

| Last close | | RON 11.50 | | | |
|--------------------------------|--------------|----------------|--------------|--------------|--|
| 52 - Week range | | RON 10.30 | | RON 12.78 | |
| Market cap (m) | | RON 2,168 | | EUR 414 | |
| EV/FY 2026B EBITDA | 12.8x | P/FY 2026B EPS | | 22.3x | |
| | Q1'25 | Q1'26 | FY'24 | FY'25 | |
| P&L summary (RONm)* | | | | | |
| Net turnover | 120.4 | 135.1 | 648.4 | 832.2 | |
| Y/Y | | 12% | | 28% | |
| Production | 69.9 | 88.7 | 283.0 | 452.0 | |
| EPC services | 46.5 | 34.0 | 297.6 | 361.6 | |
| Sale of merchandise | 4.0 | 12.0 | 66.9 | 14.9 | |
| Others | 0.0 | 0.4 | 0.9 | 3.7 | |
| Other operating income | 0.5 | 0.7 | 1.5 | 1.7 | |
| OPEX | 113.1 | 128.1 | 582.7 | 708.4 | |
| Employees benefits | 13.9 | 25.5 | 53.1 | 80.1 | |
| Raw materials & merchandis | 58.6 | 76.5 | 303.7 | 396.9 | |
| Third parties | 32.1 | 16.4 | 190.4 | 202.0 | |
| Transport | 1.6 | 1.1 | 6.9 | 7.8 | |
| Utilities | 0.4 | 0.9 | 1.6 | 2.2 | |
| D&A | 2.6 | 3.0 | 10.4 | 10.8 | |
| Other operating expenses | 3.9 | 4.8 | 16.6 | 8.5 | |
| EBITDA | 10.4 | 10.6 | 77.6 | 125.5 | |
| Y/Y | | 2% | | 62% | |
| <i>EBITDA margin %</i> | <i>0.1</i> | <i>0.1</i> | <i>0.1</i> | <i>0.2</i> | |
| EBIT | 7.8 | 7.7 | 67.3 | 114.8 | |
| Y/Y | | 0.0 | | 0.7 | |
| <i>EBIT margin %</i> | <i>0.1</i> | <i>0.1</i> | <i>0.1</i> | <i>0.1</i> | |
| Net financial result | -0.3 | 0.7 | -2.1 | -2.1 | |
| EBT | 7.5 | 8.3 | 65.2 | 112.7 | |
| Income tax | 1.5 | 2.1 | 7.7 | 12.9 | |
| Net profit | 6.1 | 6.2 | 57.4 | 99.7 | |
| Y/Y | | 3% | | 74% | |
| <i>Net profit margin %</i> | <i>5%</i> | <i>5%</i> | <i>9%</i> | <i>12%</i> | |

Source: The Company, Swiss Capital estimates; * IFRS consolidated

Balance Sheet summary (RONm)*

| | | | |
|---------------------------|---------|--------|-------|
| Total assets | 1,128.0 | 379.7 | 695.5 |
| Net debt (cash) | (476.4) | (21.0) | 28.3 |
| Total liabilities | 363.5 | 230.2 | 485.3 |
| Shareholders' equity a.m. | 764.3 | 149.6 | 209.8 |

Source: The Company, Swiss Capital estimates; * IFRS consolidated

| Price performance | 1m | 3m | 12m | YTD |
|-------------------|----|-----|-----|-----|
| | 3% | N/A | N/A | 30% |

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Mentioned companies

| Company | BSE | Rating | Price | Price date | Disclosure |
|----------------------------|-----|--------|-------|------------|------------|
| Electro-Alfa International | EAI | NONE | 11.5 | 29/05/2026 | NONE |

Rating history for Electro-Alfa International

| Date | Rating | Share Price (RON) | Target Price (RON) |
|------|--------|-------------------|--------------------|
|------|--------|-------------------|--------------------|

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