EAI RO: Q2’26 earnings in line with expectations | NEUTRAL

- Electro-Alfa International reported **Q2 2026 net profit of around RON 21.7m, up 10% Y/Y and broadly in line with our RON 21.8m estimate**. EBITDA was also virtually in line with expectations at around **RON 26.5m versus our RON 26.6m forecast**, remaining broadly flat Y/Y, while net turnover reached approximately **RON 228m, 22% higher Y/Y but 6% below our forecast**. The softer-than-expected topline was offset by a stronger EBITDA margin of around **11.6% versus our 10.9% estimate**.
- The main variance versus our estimates came from the **revenue mix**. Q2 Manufacturing external revenues reached around **RON 117m, up 14% Y/Y but below our RON 133m forecast**, while overall EPC-related activity was broadly in line with our expectations. The internal EPC mix was, however, substantially different, with international tender activity significantly stronger than expected: merchandise sales reached around **RON 40m in Q2**, while service revenues declined to around **RON 70m from RON 83m in Q2'25**. Ukraine-related deliveries were the key driver behind the sharp increase in merchandise sales during H1.
- Profitability remained resilient despite the softer topline. Q2 employee costs increased to around RON 31m from RON 17m in Q2'25, slightly above our RON 30m estimate, while raw materials and merchandise expenses of around RON 126m were broadly in line with our RON 128m forecast. The main positive variance came from third-party expenses, which stood at around RON 36m versus our RON 52m estimate, remaining broadly stable Y/Y. The company attributed the lower H1 subcontractor intensity to the specific EPC project mix, with a higher proportion of materials and merchandise costs.
- **At H1 level, revenues increased 17.9% Y/Y to RON 363.0m**, EBITDA remained flat at **RON 37.2m, implying a 10.2% margin**, while net profit advanced **8.4% Y/Y to RON 27.9m**. The company maintained its **2026 budget of RON 1.014b revenues and RON 111m PBT**, stating that H1 revenues together with the contracted backlog scheduled for H2 cover the full-year revenue budget.
- We will follow up with additional details after the conference call scheduled on August 25 at 15:00 local time. Interested participants can register at the following registration link.