

Gafrik Research

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Quarter Report

Q1 2025

June 2025



Q1 2025

June 05, 2025

PSE: **GEV.PR**

Gafrik Research Report

GEVORKYAN, a.s.

Ticker	Exchange	Market Cap	52-Week Range	Price as of 05/06/2025	Target price
GEV.PR/1GVR001E	PSE/BSSE	3,731,228,928 CZK	218 - 278 CZK	224 CZK	310 - 330 CZK
EBITDA margin (%)	Net Debt/EBITDA	ROIC	Beta	P/E	EPS
39.99 %	2.36 (Est.)	7.46	1.45	39.45	5.73

Sector: **Industrials** | Industry Group: **Capital Goods**

BUSINESS DESCRIPTION

GEVORKYAN, a.s., established in 1996, is a European leader in the production of metal components using powder metallurgy, sintering, and metal injection molding. The company possesses unique know-how and a top-tier research and development department, which forms the foundation for its product development.

INDICATORS

	Q1 '25	Q1 '24
EBIT Margin	20.16 %	20.93 %
Net Profit Margin	14.27 %	12.57 %
Book Value/Share	4.69 €	3.73 €
Quick Ratio	1.09	0.73
P/B (Price to Book)	1.92	2.67
D/E (Debt to Equity)	1.06	1.14
Net Debt to Equity	1.01	1.1
Asset Turnover	0.1	0.11
ROE (Return on Equity)	3.82 %	3.8 %
ROA (Return on Assets)	1.45 %	1.33 %
EV/EBITDA	6.88	6.73

INCOME STATEMENT (mil. EUR)

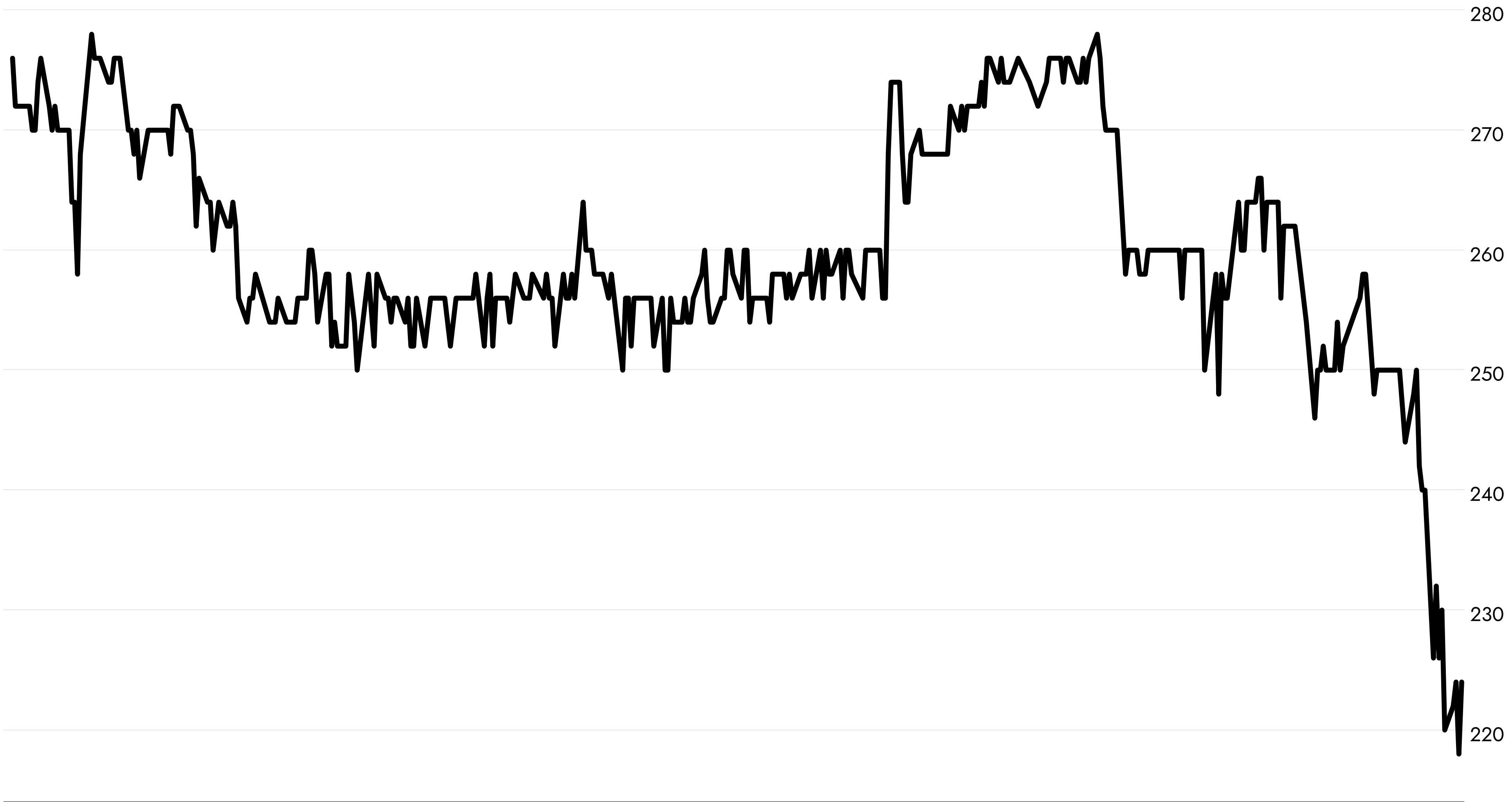
	Q1 '25	Q1 '24	YoY
Revenue	20.88	18.78	+11.18%
Operating Expenses	12.53	11.46	+9.34%
EBITDA	8.35	7.3	+14.38%
EBIT	4.21	3.93	+7.12%
Profit	2.98	2.36	+26.27%

BALANCE SHEET (mil. EUR)

	Q1 '25	Q1 '24	YoY
Cash & Equiv.	3.37	2.54	+32.68%
Total Assets	205.52	177.46	+15.81%
Total Liabilities	110.68	101.96	+8.55%
Total Debt	82.3	70.92	+16.05%
Net Debt	78.93	68.38	+15.43%
Total Equity	94.84	75.5	+25.62%

All financial data complies with IFRS standards

Weekly Price: (CZK)



Source: Prague Stock Exchange

COMMENTARY

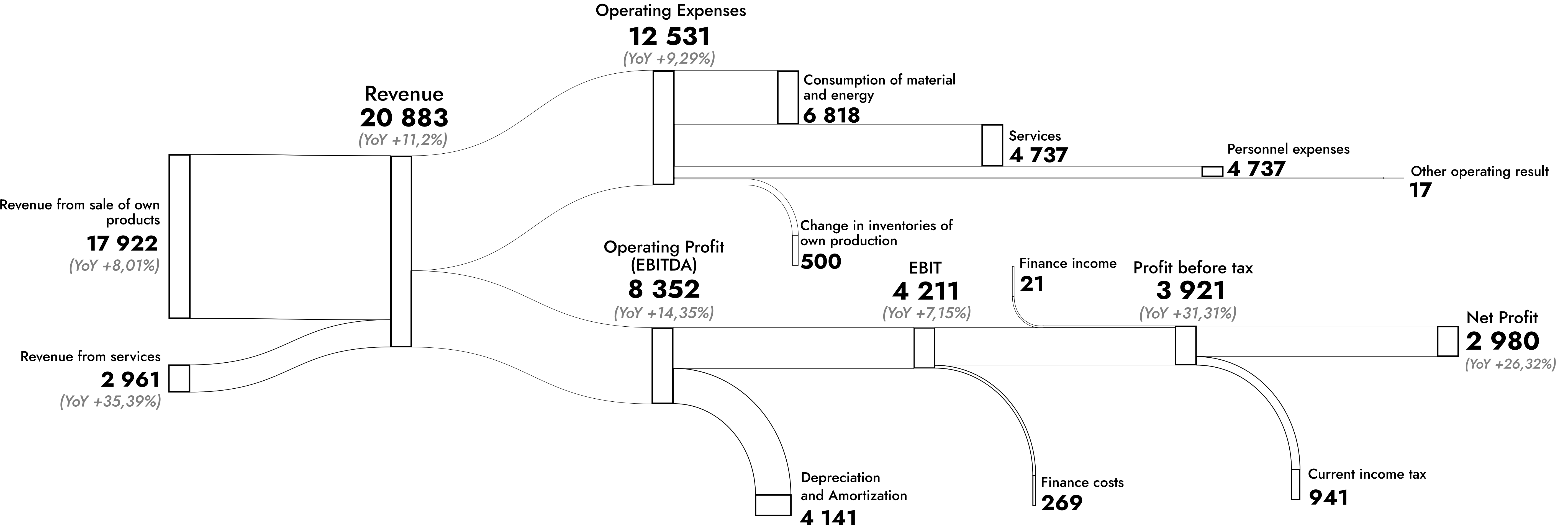
GEVORKYAN, a.s. continues to demonstrate strong operational and financial performance. With revenue growth of over 11% and an EBITDA margin nearing 40% in Q1 2025, the company maintains both efficiency and profitability, even as it scales production and invests in advanced technologies. Its strategic focus on automation, diversification across industries (defense, automotive, oil & gas), and consistent contract acquisition supports long-term revenue visibility and operational resilience. The current Net Debt/EBITDA ratio of ~2.36x reflects prudent leverage in line with sector norms, while the company's investment in robotics and expansion of facilities underlines its commitment to innovation and competitiveness. GEVORKYAN's strong reputation, combined with institutional recognition and international partnerships, positions it as a credible industrial player with meaningful growth potential in key markets. These attributes, along with disciplined capital management and a healthy contract backlog, indicate a well-anchored business model built for long-term sustainability. This commentary is for informational purposes only and does not constitute investment advice.

OUTLOOK

GEVORKYAN is expected to maintain its growth trajectory supported by its high contract coverage, ongoing automation initiatives, and expansion into strategic sectors such as defense and autonomous vehicles. The company's strong EBITDA margin and operational efficiency provide a buffer against cost inflation and macroeconomic uncertainty. Key factors to monitor include the refinancing of green bonds maturing in 2026 and the potential impact of raw material prices on margins. With a well-diversified client base and increasing international reach, GEVORKYAN appears well positioned for stable performance in the coming quarters.

How company makes money

Amounts in millions of EUR (IFRS), unless otherwise indicated

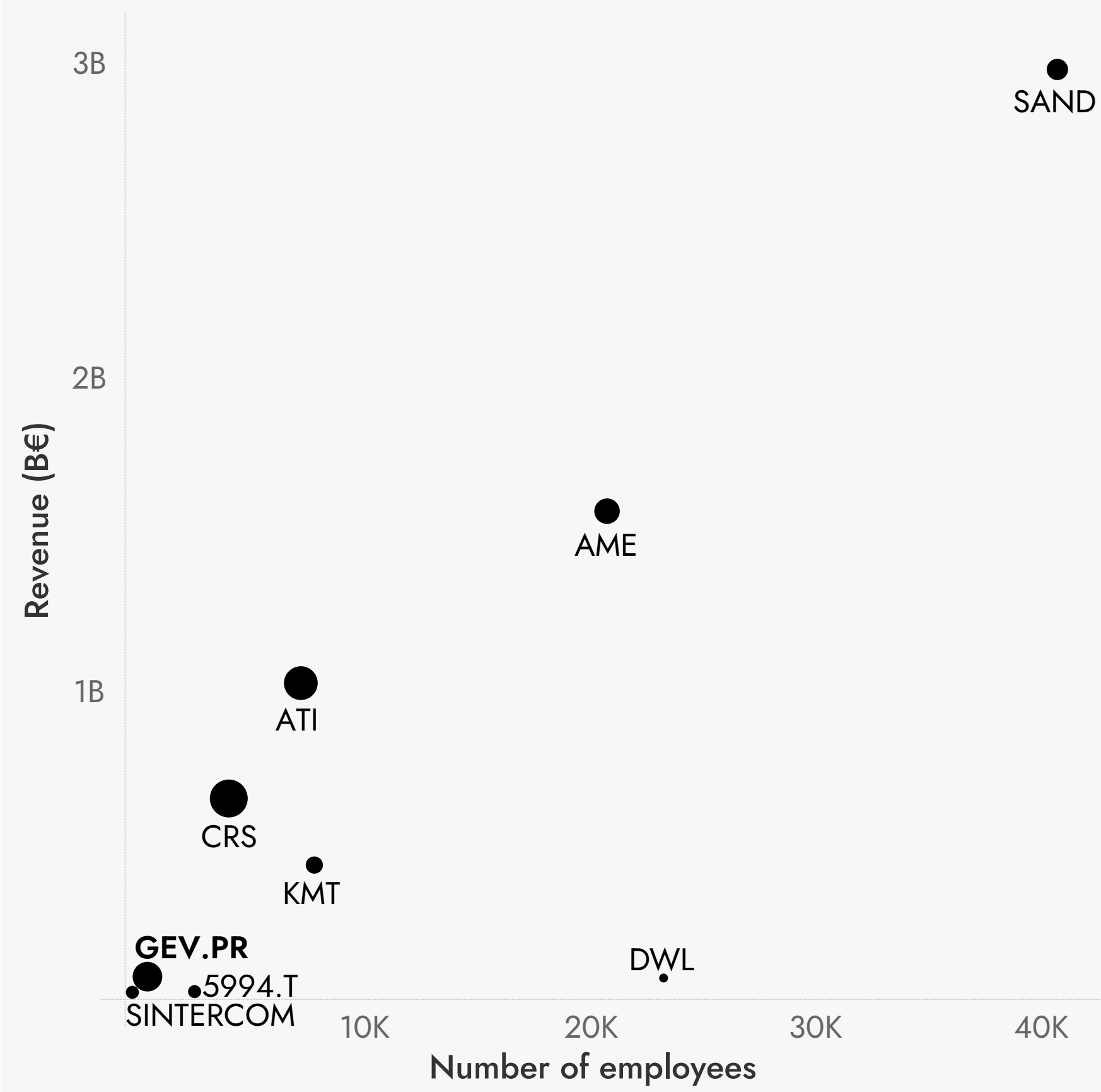


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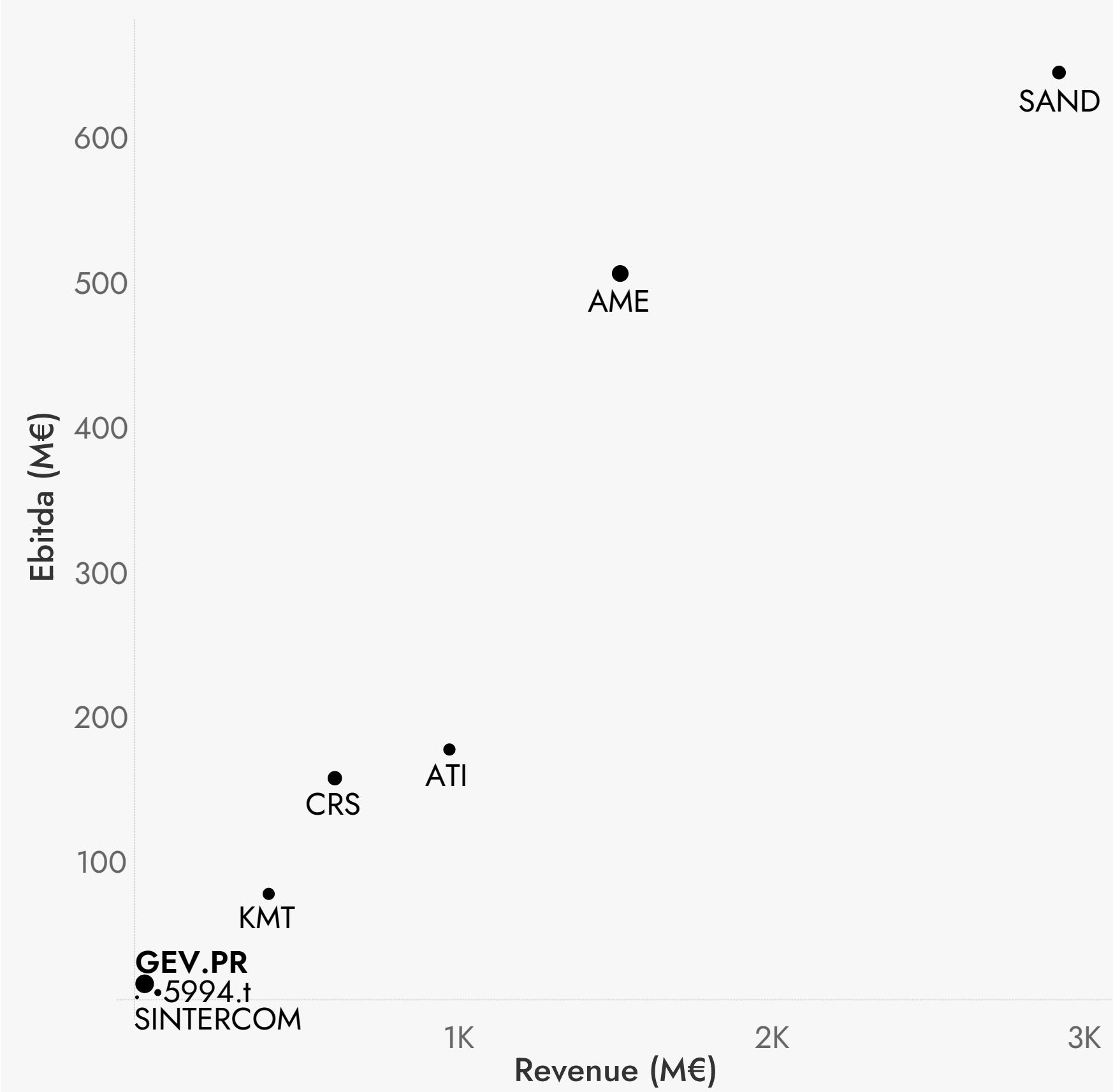
PEER GROUP ANALYSIS

REVENUE AND EMPLOYEES



Companies with higher revenue per employee demonstrate more efficient use of human capital. With €125,301 in revenue per employee, GEVORKYAN ranks among the most efficient companies in the industry, significantly outperforming several larger competitors.

REVENUE AND EBITDA



With revenues of €20.8 million, GEVORKYAN achieves the highest EBITDA margin among the compared competitors at 39.99%, highlighting its strong efficiency and focus on high-margin segments. Despite its smaller revenue scale, the company ranks among the most profitable within the group.

SUBSECTOR ANALYSIS

GEVORKYAN positions itself as one of the most technologically efficient players in the advanced metal components and powder metallurgy subsector. Despite its relatively smaller size with revenues of €20.8 million and 166 employees it achieves revenue per employee of €125,301, placing it among the most productive companies in the peer group. This figure surpasses significantly larger competitors such as Kennametal (€50,976) and Sandvik (€71,452), reflecting strong operational efficiency and an optimized production model.

In terms of EBITDA margin, GEVORKYAN again stands out with a value of 39.99%, the highest among the compared peer group. The combination of a high margin and strong workforce productivity indicates the company's ability to transform technological expertise and automated processes into highly profitable manufacturing. Among smaller producers, it holds a competitive edge over companies like Sintercom India and Finesinter, both of which report low margins and weak productivity.

At the opposite end of the spectrum is Dowlais Group, which despite employing over 23,000 people generates extremely low revenue per employee (€2,881), pointing to poor operational efficiency and limited profit potential.

Thanks to its combination of a high EBITDA margin and revenue per employee, GEVORKYAN can be considered one of the most efficient players in the subsector. With its innovative approach and specialization in powder metallurgy, the company is well-positioned to compete with much larger global players.

PEER GROUP: General Materials companies

Ticker	Company name	Recent Price	Market Cap (M€)	Price/Earnings	Revenue (M€)	Net Income (M€)
GEV.PR	GEVORKYAN, a.s.	224.00 CZK	147.4	39.45	20.8	2.9
SAND	Sandvik AB	209.40 SEK	23,721.1	17.85	2,958.1	337.3
AME	AMETEK, Inc.	178.74 \$	36,320.2	29.25	1,553.5	315.3
CRS	Carpenter Technology Corp.	242.25 \$	10,295.7	33.33	639.9	84
ATI	ATI Inc.	78.00 \$	9,888.2	28.86	1,006.7	90.4
KMT	Kennametal Inc.	21.46 \$	1,444.3	15.60	428.2	31.5
5994.t	Finesinter Co., Ltd.	792 ¥	20.7	30.63	68.9	4.4
SINTERCOM	Sintercom India Ltd.	136.00 ₹	42.4	579.17	2.6	0.005

The peer group comparison is based on the main material companies or subsidiaries involved in powder metallurgy. The company data is current and compared to financial results for Q1 2025 or fiscal year.

REVENUE DIVERSIFICATION

Based on the published data, GEVORKYAN demonstrates strong diversification across both sales segments and technologies. The largest portion of revenue comes from the automotive and machinery segment (28%), followed by healthcare, fashion, and electrical engineering (17%), highlighting the wide applicability of its products across industries. Regionally, the European Union dominates with 58% of sales, with North America also playing a significant role (23%). From a technological perspective, sintering accounts for the majority (51%), reflecting the company's focus on high-precision and durable components, while 19% of production involves special materials for the oil industry. This level of diversification reduces dependency on any single segment and enhances the company's revenue stability.

Sales categories

2 %	Measuring Technology
	Aviation & Drones
	Compressors, Air conditioning, Heat Pumps
	Oil Industry
	Lock & Security Systems, Civil Arms
	Hand Tools, Garden Equipment
	Cosmetics, Medical Equipment, Fashion Industry, Electrical engineering
	Automotive, Agricultural machinery, Autonomous vehicles

Regions

	Asia
	Latin America
	Northern America
	EU

Technologies

6 %	3D
	Soft magnets
	MIM
	Special materials for the oil industry
	Sinter

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VALUATION

As of the date of this report, GEVORKYAN shares are trading at CZK 224 per share, below both the IPO price and the previously estimated fair value of CZK 370. The current EV/EBITDA multiple stands at approximately 27.5x, a level that may appear elevated relative to peers. However, this figure is largely influenced by the company’s capital structure specifically, a relatively high level of net debt and limited market liquidity, rather than excessive investor optimism. As such, it likely does not represent a true premium valuation. Using standard valuation multiples applied to GEVORKYAN’s annualized Q1 2025 results, a fair value range emerges between CZK 269 and CZK 383 per share, based on P/E (15–18x) and EV/EBITDA (8–10x) methods. The midpoint of this range, approximately CZK 330, suggests that the current market price may not fully reflect the company’s strong fundamentals. The firm’s high EBITDA margin (39.99%), solid contract coverage (93%), and stable cash flows provide a foundation for potential revaluation as market perception evolves.

HIGHLIGHTS

In the first quarter of 2025, GEVORKYAN, a.s. continued its trajectory of growth and stability, building successfully on the momentum following a record year in 2024. Revenues reached EUR 20.88 million, representing a year-over-year increase of 11.2%. EBITDA rose to EUR 8.35 million, up 14.35% compared to the same period last year, resulting in an exceptional EBITDA margin of 39.99%. Net profit after tax (EAT) amounted to EUR 2.98 million, marking a year-over-year growth of 26.3%.

The company continued to carry out strategic investments, particularly in automation and robotics. In Q1, the implementation of a project to robotize two calibration presses was successfully completed, enabling production process optimization and a reduction in personnel costs. Production facilities were also expanded by over 1,000 m². These steps complement investment projects from the previous year, partially financed through the issuance of green bonds, with the second tranche of EUR 7.5 million issued in October 2024.

On the commercial front, the company secured nine new long-term contracts in the defense industry, primarily targeting European and U.S. markets. Production also continued on components for a EUR 30 million project won in a 2024 defense tender. In the automotive segment, GEVORKYAN expanded its involvement in autonomous vehicle projects, including deliveries for the U.S. market. Portfolio diversification also progressed in the fields of oil & gas, optoelectronics, and maritime security equipment.

From a balance sheet perspective, the company’s total assets rose to EUR 205.5 million, representing an increase of over EUR 28 million compared to the same period last year. This growth reflects ongoing acquisition activity, the expansion of production capacity, and an increasing number of long-term contracts. As of March 31, 2025, the company had already contracted 93% of its projected revenues for 2025, 89% for 2026, and 87% for 2027, confirming a high level of predictability and customer confidence.

GEVORKYAN’s Net Debt stands at approximately EUR 78.93 million, leading to a net debt to EBITDA ratio of about 2.36x based on an annualized EBITDA estimate from Q1 2025 results. This leverage level is consistent with industry standards for mid-sized industrial firms and reflects a manageable debt burden given the company’s strong profitability and stable cash flows. The company’s strategic investments and contract backlog support its capacity to service existing debt, including green bonds maturing in 2026. However, refinancing risks and interest rate fluctuations remain areas to monitor.

An ROIC of approximately 7.5% indicates that GEVORKYAN efficiently uses invested capital to generate profit, producing a solid return likely exceeding its cost of capital. This suggests the company creates shareholder value and is financially healthy.

The company also received several notable recognitions—founder and CEO Artur Gevorkyan was named EY Entrepreneur of the Year 2024 in Slovakia. GEVORKYAN was also ranked for the second consecutive year among the 12 Best-Managed Companies in Slovakia, according to Deloitte. In March 2025, the company was visited by the President of the Slovak Republic, highlighting its strategic importance for the Slovak industrial sector.

SWOT

STRENGTHS	WEAKNESSES
Industry-leading EBITDA margin of 39.99%	Low free float and limited stock liquidity
Strong contract coverage — 93% of FY2025 revenue secured	Elevated leverage: Net Debt ~€78.9M, Net Debt/EBITDA = 2.36x
High production efficiency via automation and robotics	Exposure to cyclical sectors such as automotive and oil & gas
Diversified customer and product base across geographies and industries	Refinancing risk related to green bonds maturing in 2026
OPPORTUNITIES	THREATS
Increasing demand for advanced powder metallurgy (MIM, sintering)	Volatility in raw material and energy prices
Geographic expansion beyond the EU (e.g. North America, LatAm)	Rising interest rates and refinancing costs
Long-term growth potential in defense and autonomous mobility sectors	Macroeconomic slowdown or geopolitical disruptions

The following SWOT analysis provides a high-level strategic view of GEVORKYAN’s business positioning as of Q1 2025. It does not constitute investment advice and is intended solely for analytical purposes within the scope of this report.

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NOTE: This analytical report was prepared by an independent third party. GEVORKYAN a.s. did not provide any internal or non-public information that could influence the content or conclusions of this report. All information presented herein is based exclusively on publicly available sources.