

# Shelly Group SE

Telecom Equipt. / Bulgaria

Baader Europe

## Shelly shreds off fears with strong Q1 26 release

Earnings/sales releases - 12/05/2026

Shelly published good profitability and cash flow figures for the start of the year and confirmed its guidance. The group reassured both on margins, with transportation costs actually decreasing for the group thanks to the transition to train freight, and on cash conversion with a proper target set and execution already starting. We thus reiterate our strong Buy recommendation on Shelly which deserves a re-rating after unfounded fears around receivables in our opinion, while the formidable growth story stays intact.

### Fact

As disclosed a month ago, sales grew by 26% yoy to €33.3m, meaning the company is below its 2026 guidance of a c.34% growth to €200m at mid-point (€195-205m), although it is beating its own expectations for Q1 driven by new distribution channels and geographic expansion.

The EBIT grew by 30.4% to €8.6m, implying a 25.9% EBIT margin which is ahead of the 25% objective for FY 26.

The net profit also increased significantly by 33.5% to €7.5m.

The OCF doubled to €8.3m due to the decrease in receivables and reduction in prepayments as announced. The Cash and Cash equivalents consequently increased significantly (€19.8m, +44.4% qoq) as already announced.

The guidance was confirmed for 2026, with a new target set for the cash conversion cycle to 220-240 days compared to 267 days for Q1 26.

### Analysis

#### A Good Start to the Year

Despite the deceleration of growth recorded in Q1 26, it remains above the industry average at a strong double-digit, driven by new distribution channels and geographic expansion. Geographically, the revenue distribution was quite varied, with exceptionally strong growth in its core region DACH (57% of sales) at 49% to €19.1m, while the Rest of Europe (32% of sales) suffered from a -10% decline to €10.5m. This might indicate, as the management was suggesting, that customers are potentially shopping beyond their borders. We will monitor the situation going forward, which might also be linked to the end of direct business with Amazon, which is a good thing in our view given the previous relative dependency. The Rest of the World (11% of sales) experienced good growth at (+86% to €3.7m), driven by the US and Australia.

The increase in EBIT margins compared to last year (25.9% vs 25.2%) reflects a more favourable product mix and operating leverage. The boost in gross margins from 53.8% to 61.1% was only marginally affected by a reclassification of marketing development funds from cost of sales to sales and marketing expenses category, which remains obviously above EBIT in the P&L.

#### Strong Focus on Working Capital Matters

Probably the most important element of the release for investors given the psychodrama around it, cash flow conversion has improved significantly in Q1 from 277 days to 267 days, helped by doubling operating cash flows. The good surprise of this release is that days of sales outstanding improved by 24 days (from 192 days), which is more meaningful than the previous release would

### Buy Upside: 36.5%

Target Price (6 months)	€ 80.5
Share Price	€ 59.0
Market Cap. €M	1,071
Price Momentum	GOOD
Extremes 12 Months	36.5 ▶ 70.2
Sustainability score	3.7 /10
Credit Risk	BBB →
Fundamental Strength	10 /10
Bloomberg	SLYG BU Equity
Reuters	SLYG.BB



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PERF	1w	1m	3m	12m
Shelly Group SE	2.97%	6.50%	-12.2%	61.6
IT Hardware	2.37%	24.1%	48.1%	90.1
STOXX 600	1.20%	-0.33%	-1.41%	13.9

Sector Opinion	Underweight
Strongest upside	Shelly Group SE
Worst potential	Nokia

[Complete Sector Analysis](#)

Last updated: 17/04/2026	12/25A	12/26E	12/27E	12/28E
Adjusted P/E (x)	32.7	24.7	17.8	13.2
Dividend yield (%)	0.54	0.85	1.69	2.03
EV/EBITDA(R) (x)	24.3	19.7	13.7	9.54
Adjusted EPS (BGN)	2.75	4.67	6.48	8.75
Growth in EPS (%)	10.1	70.0	38.6	35.2
Dividend (€)	0.25	0.50	1.00	1.20
Sales (BGNM)	293	403	544	720
EBIT margin (%)	21.2	23.8	24.5	25.1
Attributable net profit (BGN...)	49.8	83.5	116	158
ROE (after tax) (%)	27.9	31.5	30.5	30.4
Gearing (%)	-5.84	-10.4	-22.2	-33.3

[Company Valuation](#) - [Company Financials](#)

suggest in our opinion, even though it was indeed the reduction of 40% in prepayments that drove the majority of the improvement.

### **Unchanged Outlook**

The company did not change its ambitious outlook despite the rather soft start given it is still early days to draw conclusions on the FY performance, which is traditionally heavily skewed towards Q4 with an accelerating trend expected. Indeed, the group is expected to accelerate the pace of launch of new products with new categories such as smart circuit breakers or cameras in Q2 and H2, which should help the acceleration of growth.

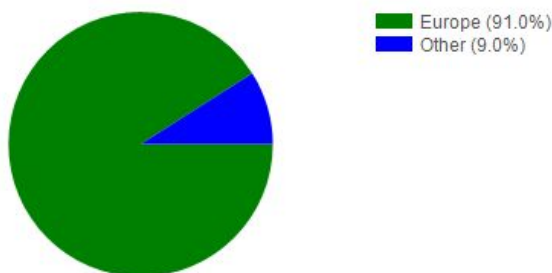
Some of these products were delayed, notably the cameras, as the increased cost of chips required a downgrade of specs to reduce costs. Nevertheless, we are confident that the group can maintain its margins thanks to the ongoing transitions from air freight to train freight, which reduce the transportation costs by a factor of 10 compared to air freight (even though shipping takes longer of course, 30-45 days). This has enabled the company to decrease the price of some products to gain market share aggressively and provide pricing power later on if needed.

We like the fact that the group set a proper target for cash flow conversion, which clearly shows that the management takes investor worries seriously and is thus a clear sign of strong governance. The management expects the cash position to reach €35-45m at the end of FY 26 compared to €14m at the end of FY 25 thanks to this new focus, which was previously less of a priority. The new CFO emphasised that the group did not use factoring to improve the cash flow conversion, which we view as positive once again as it shows that the group is not desperate for cash.

### **■ Impact**

We will not change our estimates much given that the outlook was reiterated.

## Sales by Geography



## Consolidated P&amp;L Accounts

		12/25A	12/26E	12/27E
Sales	BGNM	293	403	544
Change in sales	%	40.3	37.5	35.0
Change in staff costs	%	96.4	3.37	38.7
EBITDA	BGNM	66.4	103	142
<b>EBITDA(R) margin</b>	%	<b>22.7</b>	<b>25.5</b>	<b>26.2</b>
Depreciation	BGNM	-2.68	-4.82	-7.23
Underlying operating profit	BGNM	62.0	95.9	133
<b>Operating profit (EBIT)</b>	<b>BGNM</b>	<b>59.3</b>	<b>95.9</b>	<b>133</b>
Net financial expense	BGNM	-2.29	0.03	0.36
of which related to pensions	BGNM		-0.02	-0.02
Exceptional items & other	BGNM	0.00	0.00	0.00
Corporate tax	BGNM	-7.18	-12.5	-17.3
Equity associates	BGNM	-0.04	0.00	0.00
Minority interests	BGNM	0.00	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>BGNM</b>	<b>49.8</b>	<b>85.0</b>	<b>118</b>
NOPAT	BGNM	43.1	71.9	99.8

## Cashflow Statement

		12/25A	12/26E	12/27E
EBITDA	BGNM	66.4	103	142
Change in WCR	BGNM	-66.7	-26.6	-24.1
Actual div. received from equity holdi...	BGNM	0.00	0.00	0.00
Paid taxes	BGNM	-8.74	-12.5	-17.3
Exceptional items	BGNM			
Other operating cash flows	BGNM	19.4	19.4	19.4
Total operating cash flows	BGNM	10.4	83.0	120
Capital expenditure	BGNM	-8.50	-14.1	-21.7
Total investment flows	BGNM	-7.31	-26.1	-21.7
Net interest expense	BGNM	-2.29	0.03	0.36
Dividends (parent company)	BGNM	-4.60	-9.08	-18.2
Dividends to minorities interests	BGNM	0.00	0.00	0.00
New shareholders' equity	BGNM	0.05	0.00	0.00
Total financial flows	BGNM	-1.71	-7.43	-19.2
Change in cash position	BGNM	-0.59	49.5	79.4
<b>Free cash flow (pre div.)</b>	<b>BGNM</b>	<b>-0.41</b>	<b>69.0</b>	<b>99.0</b>

## Per Share Data

		12/25A	12/26E	12/27E
No. of shares net of treas. stock (year...	Mio	18.2	18.2	18.2
Number of diluted shares (average)	Mio	18.1	18.2	18.2
<b>Benchmark EPS</b>	<b>BGN</b>	<b>2.75</b>	<b>4.67</b>	<b>6.48</b>
Restated NAV per share	BGN			
<b>Net dividend per share</b>	<b>€</b>	<b>0.25</b>	<b>0.50</b>	<b>1.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 91.2	35%	• Legrand
NAV/SOTP per share	€ 81.6	20%	
EV/Ebitda	€ 65.8	20%	
P/E	€ 90.0	10%	
Dividend Yield	€ 72.4	10%	
P/Book	€ 57.6	5%	
TARGET PRICE	€ 80.5	100%	

## NAV/SOTP Calculation

## Balance Sheet

		12/25A	12/26E	12/27E
Goodwill	BGNM	3.64	19.6	19.6
Total intangible	BGNM	22.9	46.3	52.1
Tangible fixed assets	BGNM	2.23	11.4	20.1
Financial fixed assets	BGNM	0.00	0.00	0.00
WCR	BGNM	170	196	220
Other assets	BGNM	-6.14	0.00	0.00
Total assets (net of short term liab.)	BGNM	199	264	303
<b>Ordinary shareholders' equity</b>	<b>BGNM</b>	<b>208</b>	<b>322</b>	<b>441</b>
Quasi Equity & Preferred	BGNM			
Minority interests	BGNM	-0.06	-0.30	-0.30
Provisions for pensions	BGNM	0.49	0.42	0.48
Other provisions for risks and liabilities	BGNM			
Total provisions for risks and liabilities	BGNM	0.49	0.42	0.48
Tax liabilities	BGNM	-0.21	-0.21	-0.22
Other liabilities	BGNM	0.00	0.00	0.00
<b>Net debt (cash)</b>	<b>BGNM</b>	<b>-9.48</b>	<b>-57.4</b>	<b>-138</b>
Total liab. and shareholders' equity	BGNM	199	264	303

## Capital Employed

		12/25A	12/26E	12/27E
Capital employed after depreciation	BGNM	195	254	293

## Profits &amp; Risks Ratios

		12/25A	12/26E	12/27E
<b>ROE (after tax)</b>	%	<b>27.9</b>	<b>31.5</b>	<b>30.5</b>
ROCE	%	22.1	28.3	34.1
<b>Gearing (at book value)</b>	%	<b>-5.84</b>	<b>-10.4</b>	<b>-22.2</b>
Adj. Net debt/EBITDA(R)	x	-0.14	-0.55	-0.97
Interest cover (x)	x	27.1	-2,025	-346

## Valuation Ratios

		12/25A	12/26E	12/27E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>32.7</b>	<b>24.7</b>	<b>17.8</b>
Free cash flow yield	%	-0.03	3.29	4.71
P/Book	x	7.85	6.51	4.76
<b>Dividend yield</b>	%	<b>0.54</b>	<b>0.85</b>	<b>1.69</b>

## EV Calculation

		12/25A	12/26E	12/27E
Market cap	BGNM	1,634	2,095	2,101
+ Provisions	BGNM	0.49	0.42	0.48
+ Unrecognised actuarial losses/(gains)	BGNM	0.00	0.00	0.00
+ Net debt at year end	BGNM	-19.5	-67.4	-148
+ Leases debt equivalent	BGNM	0.00	0.00	0.00
- Financial fixed assets (fair value)	BGNM			
+ Minority interests (fair value)	BGNM	-0.06	-0.30	-0.30
= EV	BGNM	1,615	2,028	1,953
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>24.3</b>	<b>19.7</b>	<b>13.7</b>
EV/Sales	x	5.51	5.04	3.59

Analyst : Alexandre Desprez, Changes to Forecasts : 17/04/2026.

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