Simply Wall St News

EL.EN.

If You Like EPS Growth Then Check Out EL.En (BIT:ELN) Before It' s Too Late


Home About Us Plans Careers Sign Up or Login

Italy · Medical Equipment · BIT:ELN

If You Like EPS Growth Then Check Out EL.En (BIT:ELN) Before It's Too Late

Simply Wall St Published January 13, 2022

For beginners, it can seem like a good idea (and an exciting prospect) to buy a company that tells a good story to investors, even if it completely lacks a track record of revenue and profit. Unfortunately, high risk investments often have little probability of ever paying off, and many investors pay a price to learn their lesson.

In the age of tech-stock blue-sky investing, my choice may seem old fashioned; I still prefer

For beginners, it can seem like a good idea (and an exciting prospect) to buy a company that tells a good story to investors, even if it completely lacks a track record of revenue and profit. Unfortunately, high risk investments often have little probability of ever paying off, and many investors pay a price to learn their lesson. In the age of tech-stock blue-sky investing, my choice may seem old fashioned; I still prefer profitable companies like EL.En (BIT:ELN). Now, I' m not saying that the stock is necessarily undervalued today; but I can' t shake an appreciation for the profitability of the business itself. In comparison, loss making companies act like a sponge for capital - but unlike such a sponge they do not always produce something when squeezed. View our latest analysis for EL.En How Fast Is EL.En Growing? The market is a voting machine in the short term, but a weighing machine in the long term, so share price follows earnings per share (EPS) eventually. It' s no surprise, then, that I like to invest in companies with EPS growth. I, for one, am blown away by the fact that EL.En has grown EPS by 41% per year, over the last three years. Growth that fast may well be fleeting, but like a lotus blooming from a murky pond, it sparks joy for the wary stock pickers. I like to see top-line growth as an indication that growth is sustainable, and I look for a high earnings before interest and taxation (EBIT) margin to point to a competitive moat (though some companies with low margins also have moats). EL.En shareholders can take confidence from the fact that EBIT margins are up from 7.1% to 9.4%, and revenue is growing. Ticking those two boxes is a good sign of growth, in my book. In the chart below, you can see how the company has grown earnings, and revenue, over time. To see the actual numbers, click on the chart. BIT:ELN Earnings and Revenue History January 13th 2022 In investing, as in life, the future matters more than the past. So why not check out this free interactive visualization of EL.En' s forecast profits ? Are EL.En Insiders Aligned With All Shareholders? Many consider high insider ownership to be a strong sign of alignment between the leaders of a company and the ordinary shareholders. So as you can imagine, the fact that EL.En insiders own a significant number of shares certainly appeals to me. In fact, they own 41% of the shares, making insiders a very influential shareholder group. I' m reassured by this kind of alignment, as it suggests the business will be run for the benefit of shareholders. At the current share price, that insider holding is worth a whopping 470m. That means they have plenty of their own capital riding on the performance of the business! Does EL.En Deserve A Spot On Your Watchlist? EL.En' s earnings have taken off like any random crypto-currency did, back in 2017. That EPS growth certainly has my attention, and the large insider ownership only serves to further stoke my interest. At times fast EPS growth is a sign the business has reached an inflection point; and I do like those. So yes, on this short analysis I do think it' s worth considering EL.En for a spot on your watchlist. Of course, identifying quality businesses is only half the battle; investors need to know whether the stock is undervalued. So you might want to consider this free discounted cashflow valuation of EL.En. You can invest in any company you want. But if you prefer to focus on stocks that have demonstrated insider buying, here is a list of companies with insider buying in the last three months. Please note the insider transactions discussed in this article refer to reportable transactions in the relevant jurisdiction. Have feedback on this article? Concerned about the content? Get in touch with us directly. Alternatively, email editorial-team (at) simplywallst.com. This article by Simply Wall St is general in nature. We provide commentary based on historical data and analyst forecasts only using an unbiased methodology and our articles are not intended to be financial advice. It does not constitute a recommendation to buy or sell any stock, and does not take account of your objectives, or your financial situation. We aim to bring you long-term focused analysis driven by fundamental data. Note that our analysis may not factor in the latest price-sensitive company announcements or qualitative material. Simply Wall St has no position in any stocks mentioned.