

# SAES GETTERS

Sector: *Industrials*
**NEUTRAL**

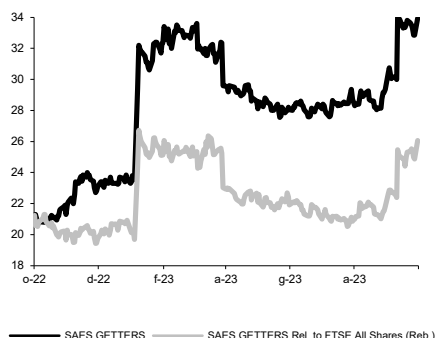
Price: Eu33.95 - Target: Eu38.50

## Closing of Nitinol divestiture and Eu350mn to shareholders

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Stock Rating			
Rating:	from OUTPERFORM to NEUTRAL		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	0.0%	0.0%	0.0%

SAES GETTERS - 12M Performance



Stock Data			
Reuters code:	SAEI.MI		
Bloomberg code:	SG IM		
Performance	1M	3M	12M
Absolute	15.7%	19.8%	69.8%
Relative	18.8%	21.7%	37.5%
12M (H/L)	34.00/20.70		
3M Average Volume (th):	36.14		

Shareholder Data	
No. of Ord shares (mn):	17
Total no. of shares (mn):	17
Mkt Cap Ord (Eu mn):	570
Total Mkt Cap (Eu mn):	570
Mkt Float - Ord (Eu mn):	398
Mkt Float (in %):	69.9%
Main Shareholder:	
S.G.G. Holding	30.1%

Balance Sheet Data	
Book Value (Eu mn):	273
BVPS (Eu):	16.27
P/BV:	2.1
Net Financial Position (Eu mn):	27
Enterprise Value (Eu mn):	749

■ **Closing of the disposal of SAES Medical to Resonetics.** Yesterday, SAES announced the closing of the sale of the Nitinol/Medical business to Resonetics after the binding agreement signed in January and the closure of the FTC investigation in September. The total consideration is \$878mn (agreed price was \$900mn plus \$22mn in negative working capital adjustments). The net cash-in for the company is estimated at Eu708mn after Eu121mn in transaction costs (mainly bonuses to management, no taxes) vs. the previous estimate of Eu135mn: this reflects an agreement with four managers to revise bonuses (30% cut) vs. the previous asset plan. We note that the net cash-in for SAES, i.e., the positive impact of the deal on consolidated NFP, is expected at Eu708mn (Eu42.2 per share), which is close to our Eu720mn assumption.

■ **Eu350mn will be distributed to shareholders through a special dividend (Eu210mn) and buyback (Eu140mn) in 1H24.** The board also approved the guidelines on the use of proceeds, which provide for submission of the following to the shareholders' meeting to be convened to approve FY23 financial statements: (i) the distribution of a FY23 dividend of Eu12.51 per share amounting to Eu210mn; and (ii) authorization for the company to purchase and cancel a maximum of 5.70mn treasury shares (34% of capital) through a partial public tender offer at Eu24.56 per share ex dividend (Eu37.07 cum) or at a 20% premium to the last closing price. The total consideration for the buyback amounts to Eu140mn. Expected timeframe: dividend payment in the first ten days of May 2024; completion of the tender offer in the first half of 2024 (in any event, after payment of the dividend). SGG Holding, the main shareholder of SAES with 30.1%, has not yet disclosed its position on the offer.

■ **Rating moves from Outperform to Neutral. TP Eu38.5 unchanged.** The disposal of the medical business crystallises most of the company's value in its FY23e NFP and we think that the >Eu350mn retained within SAES to support development of its industrial scope appears excessive. Indeed, sizeable M&A is not in SAES' DNA as it usually acquires small companies, as was the case with Memry in 2008 for \$80mn, in order to accelerate the penetration of innovative products based on SAES's know-how and technology. Nonetheless, we understand and are unsurprised by management's willingness to keep excess cash within SAES in order to retain strategic flexibility to restructure the cost base, ease the generational transition within SAES, and support development of a new industrial cycle which may take several years to generate significant returns (vacuum technology applied to fusion energy, active materials in chemicals, recyclable packaging, industrial SMAs). With the guidelines on shareholder remuneration now disclosed and the industrial business not a valuation driver in the short term, we see no fundamental reasons to keep buying shares. The rating moves from Outperform to Neutral with the TP unchanged at Eu38.5. This implies a discount of c. 40% to cash kept within SAES (Eu385mn in our estimates) to reflect reinvestment risk and time value.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	190	250	259	275	296
EBITDA Adj (Eu mn)	36	57	64	71	83
Net Profit Adj (Eu mn)	13	29	29	32	36
EPS New Adj (Eu)	0.593	1.299	1.716	1.911	2.173
EPS Old Adj (Eu)	0.593	1.299	1.716	1.911	2.173
DPS (Eu)	0.470	0.550	0.550	0.550	0.550
EV/EBITDA Adj	10.8	6.6	11.8	7.4	6.2
EV/EBIT Adj	17.3	9.2	15.2	9.3	7.5
P/E Adj	57.2	26.1	19.8	17.8	15.6
Div. Yield	1.4%	1.6%	1.6%	1.6%	1.6%
Net Debt/EBITDA Adj	-2.1	-1.1	-0.4	-0.6	-0.7

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