

SAES GETTERS

Sector: Industrials

OUTPERFORM

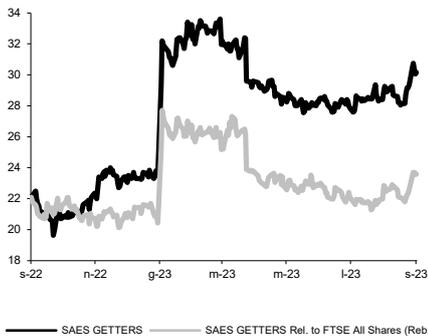
Price: Eu30.15 - Target: Eu38.50

More conservative estimates for the Industrial business

Enrico Coco +39-02-77115.230
 enrico.coco@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 39.00 to 38.50		
	2023E	2024E	2025E
Chg in Adj EPS	14.5%	11.1%	4.7%

SAES GETTERS - 12M Performance



Stock Data			
Reuters code:	SAEI.MI		
Bloomberg code:	SG IM		
Performance	1M	3M	12M
Absolute	4.1%	6.0%	36.4%
Relative	3.2%	3.2%	8.6%
12M (H/L)	33.60/19.64		
3M Average Volume (th):	19.92		

Shareholder Data	
No. of Ord shares (mn):	17
Total no. of shares (mn):	17
Mkt Cap Ord (Eu mn):	506
Total Mkt Cap (Eu mn):	506
Mkt Float - Ord (Eu mn):	354
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:	1.9
Net Financial Position (Eu mn):	27
Enterprise Value (Eu mn):	686

- Successful conversion of savings shares.** In August SAES successfully completed the conversion of savings shares (voluntary partial tender offer on 18.5% of savings and 1:1 conversion of the remaining shares into ordinaries) approved by the EGM on 31 May. Thanks to the 1.36mn savings shares purchased through the partial tender offer and cancelled, and the use of 3.9mn ords. owned as treasury shares, the total number of shares outstanding decreased by 5.26mn: from 22.05mn pre-transaction (14.67mn ordinary shares and 7.38mn savings) to 16.79mn (all ord.) post-transaction. Besides being EPS accretive (8%), the transaction improves the company's share capital structure, increases the liquidity and free float (69.9%, with SGG at 30.1%) of ordinary shares, and standardises the rights of all shareholders.
- Closing of SAES Medical disposal expected by year-end.** At the beginning of January SAES announced it had entered into a binding agreement with US firm Resonetics (owned by PE funds Carlyle and GTCR) for the sale of its Nitinol/Medical business. The agreed price was US\$900mn (Eu855mn) or 16.5x EV/EBITDA FY23e. The net cash-in for the company is estimated at Eu720mn (13.9x EV/EBITDA) after c.Eu135mn in costs (mainly incentives for management) and no taxes. Closing of the transaction is subject to clearance from the U.S. Federal Trade Commission, which issued a request for additional information ("Second Request") in March. SAES said both companies are cooperating with FTC with the aim of closing the transaction by year-end.
- Assessing SAES valuation: TP Eu38.5, Outperform reiterated.** Our investment case assumes the closing of the transaction with Resonetics, even if it is not secured yet. With the sale, SAES will become a company with an industrial scope valued at Eu60mn (Eu3.6 per share, from Eu80mn previously), and more than 90% of its equity value (before applying a holding/cash discount) in net cash, which we estimate at c.Eu750mn (Eu44.5 per share) post-closing. Our revised TP of Eu38.5 (from Eu39 previously) reflects an arbitrary 20% discount to the fair equity value. We think sizable acquisitions are unlikely and the development of a new industrial cycle would require some time, which supports the discount to be applied to cash (reinvestment risk, time value). If closing does not happen, we expect a negative share price reaction (undisturbed price was Eu23.5, before sav. conversion). However, we note the current market cap of c.Eu500mn implicitly prices the medical business at 8x EV/EBITDA (with Industrial valued at Eu60mn), which appears fairly conservative, even assuming the market would assign a lower price to the asset after a failed deal.
- Revised estimates.** We are updating our model to reflect some softness in the industrial business (already emerged in 1Q) and lower margins in medical, updated shares, and Eu10mn one-offs associated with the sale of the medical business and the conversion of saving shares (the latter not impacting P&L). In FY23e, we estimate EBITDA excl. one-offs at Eu55mn (Eu47mn reported, Eu64mn previously), rising to Eu62mn (13% cut) in FY24e (Medical Eu54mn, Industrial Eu8mn).

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	1.499	1.720	2.076
DPS (Eu)	0.470	0.550	0.550	0.550	0.550
EV/EBITDA Adj	10.8	6.6	10.8	6.5	5.4
EV/EBIT Adj	17.3	9.2	13.9	8.2	6.5
P/E Adj	50.8	23.2	17.6	15.8	13.9
Div. Yield	1.6%	1.8%	1.8%	1.8%	1.8%
Net Debt/EBITDA Adj	-2.1	-1.1	-0.4	-0.6	-0.7

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein, and any of its parts, is strictly prohibited. None of the contents of this document may be shared with third parties without Company authorization. Please see important disclaimer on the last page of this report