Milan, 04 November 2025

Italian Equity Research – 3Q25 Preview

SECO

NEUTRAL

Sector: Industrials

Price: Eu3.36 - **Target: Eu3.00**

Margin Resilience to Offset Softer Revenue Growth in 3Q. NEUTRAL confirmed

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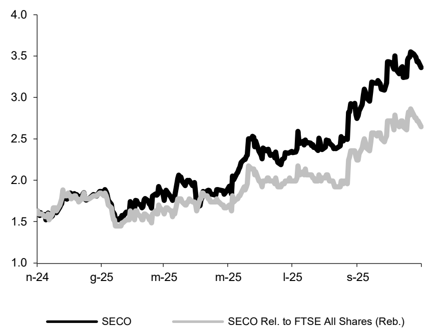
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 2.80 to 3.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	8.7%	4.3%	1.1%

Next Event

3Q Results Out on Nov 7th

SECO - 12M Performance



Stock Data			
Reuters code:			IOT.MI
Bloomberg code:			IOT IM
Performance	**1M**	**3M**	**12M**
Absolute	-2.0%	41.8%	106.1%
Relative	-1.9%	33.7%	81.5%
12M (H/L)			3.55/1.52
3M Average Volume (th):			251.51

Shareholder Data	
No. of Ord shares (mn):	133
Total no. of shares (mn):	133
Mkt Cap Ord (Eu mn):	447
Total Mkt Cap (Eu mn):	447
Mkt Float - Ord (Eu mn):	135
Mkt Float (in %):	30.3%
Main Shareholder:	
DSA Srl	16.6%

Balance Sheet Data	
Book Value (Eu mn):	300
BVPS (Eu):	2.02
P/BV:	1.7
Net Financial Position (Eu mn):	-49
Enterprise Value (Eu mn):	530

- **3Q results preview: softer growth of revenues offset by more resilient margins.** Seco will report 3Q/9M results on 7 November. We expect revenue to have continued growing YoY, albeit declining QoQ and negatively impacted by adverse FX movements. By geography, we foresee a similar pattern to 2Q, with an encouraging trend in Southern Europe, while momentum is seen as having remained soft in the DACH region (expected almost flat YoY). On the positive side, gross margin and EBITDA trends should have remained supportive, with the company likely benefiting from a favourable revenue mix and further OpEx optimization. As for cash flow, we forecast adj. net debt to have remained broadly stable QoQ, reflecting higher CapEx aimed at expanding production capacity to support future revenue growth, and negative WC trends.
- **3Q25 estimates.** Net sales seen at €48.1mn (+9% YoY / +11% org.), although we are expecting a decrease QoQ. Edge Computing at €42.5mn (+7%); CLEA at €5.6mn (+27%) with the incidence on net sales expected broadly stable at ~12%. Gross profit expected at €26mn (+16% YoY), a 54.1% gross margin, up from 50.9% in 3Q24. Adj. EBITDA seen at €10.8mn (more than doubling YoY), a 22.4% margin (10.6% in 3Q24). Adj. net debt forecast at €50.3mn, almost flat compared to 2Q, with cash earnings expected to have been offset by CapEx and WC absorption.
- **Fine-tuning estimates.** We are fine-tuning our estimates to reflect softer revenue growth than previously expected, partly due to adverse FX movements, while revising our margin assumptions upward. Our FY26 forecasts, however, remain below company-compiled consensus, which assumes a stronger rebound by both revenue and profitability. Nonetheless, our FY26–27 estimates already incorporate solid progress, with revenue and adj. EBITDA projected to grow at CAGRs of +10% and +13% respectively.
- **NEUTRAL confirmed; target to €3.00 (from €2.80).** 3Q results are expected to show a solid improvement of profitability, although top-line growth is likely to be slower than previously expected, but still in line with the lower end of guidance (€200mn at constant exchange rates). The improvement of margins is forecast to be driven by effective OpEx control (which we forecast will remain broadly flat YoY in FY25) and likely by higher R&D CapEx, an item to be clarified during the upcoming results' conference call. Following the recent rally by the stock, and awaiting clearer visibility on both cash generation (still limited) and CLEA ramp-up (well below initial expectations), we maintain a NEUTRAL stance on the stock, updating our DCF-based TP to €3.00 (from €2.80), mainly to reflect a lower risk-free rate (from 4% to 3.5%) in our valuation. At the new target price, the stock would trade at 22x/18x EV/adj. EBIT and 37x/25x adj. P/E for FY25/26, broadly in line with the relative valuation of our selected peer group.

Key Figures & Ratios	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Sales (Eu mn)	210	184	197	220	236
EBITDA Adj (Eu mn)	51	28	42	48	53
Net Profit Adj (Eu mn)	20	-2	11	16	20
EPS New Adj (Eu)	0.151	-0.015	0.081	0.119	0.152
EPS Old Adj (Eu)	0.151	-0.015	0.075	0.115	0.150
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	13.8	15.7	12.7	10.8	9.5
EV/EBIT Adj	20.4	nm	24.1	19.2	16.0
P/E Adj	22.2	nm	41.2	28.1	22.1
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	1.3	1.9	1.2	0.9	0.5

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	32.06%
OUTPERFORM:	38.93%
NEUTRAL:	28.25%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (76 in total) is as follows:

BUY:	51.32%
OUTPERFORM:	30.26%
NEUTRAL:	17.10%
UNDERPERFORM:	01.32%
SELL:	00.00%

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