

SECO

Sector: Industrials

OUTPERFORM

Price: Eu2.56 - Target: Eu3.40

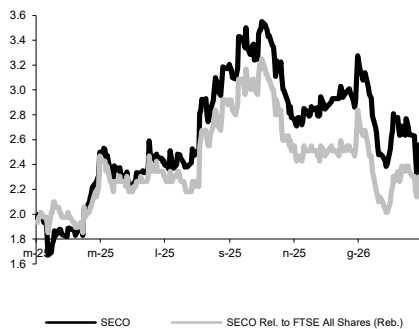
Growth set to accelerate after a cautious 1Q

Pietro Nargi +39-02-77115.401
pietro.nargi@intermonte.it
Andrea Randone: +39-02-77115.364
andrea.randone@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2026E	2027E	2028E
Chg in Adj EPS	-11.6%	-7.7%	

Next Event
1Q26 Results Out on May 11

SECO - 12M Performance



Stock Data			
Reuters code:	IOT.MI		
Bloomberg code:	IOT IM		
Performance	1M	3M	12M
Absolute	1.4%	-10.0%	28.9%
Relative	9.4%	-6.1%	18.9%
12M (H/L)	3.55/1.67		
3M Average Volume (th):	261.25		

Shareholder Data	
No. of Ord shares (mn):	133
Total no. of shares (mn):	133
Mkt Cap Ord (Eu mn):	340
Total Mkt Cap (Eu mn):	340
Mkt Float - Ord (Eu mn):	95
Mkt Float (in %):	27.9%
Main Shareholder:	
DSA Srl	16.6%

Balance Sheet Data	
Book Value (Eu mn):	306
BVPS (Eu):	2.04
P/BV:	1.3
Net Financial Position (Eu mn):	-39
Enterprise Value (Eu mn):	413

FY25 marked a recovery year for demand in edge computing, following a weak prior year characterized by a broader slowdown across the industry. Growth returned to solid levels, particularly in the US and across key geographies, excluding Germany (c. 30% of sales), which, despite early signs of recovery, continued to underperform relative to other European markets. FY26 appears to have started on a similar footing to 2025, with performance expected to progressively accelerate throughout the year. Visibility remains solid, supported by robust order intake (with an all-time record reached in February) and sustained demand for edge computing solutions. In light of a softer 1Q outlook (sales seen up mid-single digit, GPM ~50%), we trim our top-line and margin estimates, while improving our cash flow projections due to lower CapEx, and better WC dynamics. We confirm our OUTPERFORM rating with a TP of €3.40.

- **4Q showed slightly better cash generation but weaker profitability.** The company had already disclosed its preliminary figures on net sales and gross margin, both exceeding company guidance. The main news from the final 4Q25 release highlighted a lower-than-expected adj. EBITDA margin, mainly due to increasing personnel costs to support future growth, and stronger cash generation supported by better working capital management. Adj. net debt at ~€38m (leverage <1x), improving vs. €51mn as of Sep'25, despite the extra CapEx to expand production at the Arezzo plant, now close to finalization, and enabling Seco to increase its output capacity.
- **Strong momentum in the US; Germany still weak but showing signs of recovery.** US sales accelerated further in 4Q, with net sales more than doubling and lifting their share of the total to 17% in FY25 (vs. 10% in FY24). Europe also remained solid overall, except for Germany, which continues to be impacted by a weak industrial backdrop, although early signs of improvement are starting to emerge.
- **Sales seen increasing mid-single digit in 1Q, acceleration expected by 2Q.** During the earnings call, management pointed to improving business KPIs, supported by a positive trend for order backlog. Notably, February recorded all-time high intake of €30mn, while the book-to-bill ratio has consistently remained above 1x, ensuring high visibility for the coming quarters. For 1Q25, the company expects revenues to exceed €49mn, implying mid-single-digit YoY growth at the lower end. The gross margin is expected to temporarily soften to ~50% in 1Q, before recovering from 2Q as price increases, implemented to offset inflation of prices of certain components, especially memory, take effect. In addition, the company has already secured memory supplies for over 90% of its FY26 volumes. On OpEx, continued optimization efforts throughout FY25 driven by reduced reliance on external production and increased automation, combined with revenue growth, are expected to support operating leverage.
- **Change in estimates.** In light of 4Q results, the 1Q outlook, and qualitative messages from the conference call, we have trimmed our revenue estimates by 2%, while slightly reducing our gross margin assumptions, leading to a c. 3% cut to adj. EBITDA. Overall, we still expect double-digit revenue growth to resume in FY26, along with a gradual increase in the margin. As for cash flow, we have improved our estimate for net debt, forecasting financial leverage reaching 0.8/0.5x by YE26/27.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	184	198	218	236	252
EBITDA Adj (Eu mn)	28	40	48	54	59
Net Profit Adj (Eu mn)	-2	10	15	19	23
EPS New Adj (Eu)	-0.015	0.075	0.112	0.145	0.173
EPS Old Adj (Eu)	-0.015	0.085	0.126	0.157	
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	15.7	10.1	8.5	7.4	6.6
EV/EBIT Adj	nm	18.9	15.3	12.5	10.7
P/E Adj	nm	34.4	22.9	17.6	14.8
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	1.9	1.2	0.8	0.5	0.2

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL NOTICES. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the web page CUSTOMER AREA.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities. Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Avenue, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

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 FTSEMIIB40 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.

Explanation of our ratings system:

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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 24 March 2026 Intermonte's Research Department covered 132 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.58%
OUTPERFORM:	37.88%
NEUTRAL:	29.54%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	54.55%
OUTPERFORM:	27.27%
NEUTRAL:	16.88%
UNDERPERFORM:	01.30%
SELL:	00.00%

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte SIM S.p.A. operates or has operated in the last 12 months as the person in charge of carrying out the share buyback plan approved by the shareholders' meeting of AZIMUT, ELEN., ELICA, INTERCOS, INTRED, PHARMANUTRA, SESA, STAR7, SYS-DAT, TMP GROUP, UNIDATA, VALSOIA, WEBUILD

Intermonte SIM S.p.A. provides or has provided corporate brokerage services to AEROPORTO GUGLIELMO MARCONI DI BOLOGNA, ALLCORE, ALMAWAVE, ANTARES VISION, AVIO, CASTA DIVA GROUP, CUBE LABS, CY4GATE, DOMINION HOSTING HOLDING, ELICA, ESPRINET, EVIDO, EXECUS, FINE FOODS & PHARMACEUTICALS NTM, FNM, FRANCHI UMBERTO MARM, GPI, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTRED, ISCC FINTECH, LEMON SISTEMI, LUVÉ, MAPS, MARE ENGINEERING GROUP, NEODECORTECH, NOTORIOUS PICTURES, PREATONI GROUP, REDELI, REDFISH LONGTERM CAPITAL, REVO INSURANCE, REWAY GROUP, SERI INDUSTRIAL, SPINDOX, STAR7, TECNO, ULISSE BIOMED, WIIT, XENIA HOTELLERIE SOLUTION, Zest Group SpA in the last 12 months

Intermonte SIM S.p.A. operates or has operated in the last 12 months as Financial Content Provider on the company ALLCORE, ALMAWAVE, B&C SPEAKERS, BANCA SISTEMA, BIFIRE, CASTA DIVA GROUP, COFLE, COM.TEL, CUBE LABS, CY4GATE, DIGITOUCH, DOMINION HOSTING HOLDING, ECOSUNTEK, ELES, ELICA, ENERGY, EVIDO, EXECUS, FIERA MILANO, FILA, FOPE, G.M. LEATHER, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTERCOS, INTRED, ISCC FINTECH, LEMON SISTEMI, MAPS, MARE ENGINEERING GROUP, MASI AGRICOLA, MATICA FINTEC, MISITANO & STRACUZZI SPA, NEODECORTECH, NOTORIOUS PICTURES, OLIDATA, PREATONI GROUP, RACING FORCE, REDELI, REDFISH LONGTERM CAPITAL, SG COMPANY, SIMONE, SPINDOX, TAMBURI, TECNO, TMP GROUP, TPS, ULISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of intermediary appointed in the public purchase and/or exchange offer transaction of ANTARES VISION, MARE ENGINEERING GROUP, TINEXTA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as liquidity provider of BANCA SISTEMA, Zest Group SpA

Intermonte SIM has acted as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is acting as financial advisor to Banca CF+ in the context of the public tender offer promoted on Banca Sistema.

Intermonte SIM is acting as financial advisor to TIM in relation to the company's saving shares conversion.

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of financial advisor for BANCA GENERALI, BANCO BPM, MARE ENGINEERING GROUP, TELECOM ITALIA, TINEXTA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as market maker on financial instruments with underlying shares issued by AZA, AMPLIFON, AZIMUT, BANCA GENERALI, BANCA IFIS, BANCA MEDIOLANUM, BANCO BPM, BCA MPS, BCA POP SONDRIO, BFF BANK, Bper Banca, BREMBO, BUZZI, CAMPARI, DANIELI & C, DIASORIN, ENEL, ENI, ERG, FERRARI, FINCOBANK, INDUSTRIE DE NORA, INTERPUMP GROUP, INTESA SANPAOLO, INWIT, IREN, ITALGAS, IVECO GROUP, LEONARDO, LOTTOMATICA GROUP, MEDIOBANCA, MFE B, MONCLER, MONDADORI EDIT., NEXI, OVS, PIRELLI & C, POSTE ITALIANE, PRYSMIAN, SAPEM, SESA, SNAM S.p.A., STELLANTIS, STMICROELECTRONICS, TECHNOGYM, TECHNOPROBE, TELECOM ITALIA, TELECOM ITALIA R, TENARIS, TERNA, UNICREDIT, UNIPOL, WEBUILD

Intermonte Sim S.p.A. has or had in the last 12 months a marketing contract on instruments issued by BARCLAYS, BNP PARIBAS, GOLDMAN SACHS GROUP INC, LEONTEQ, MAREX FINANCIAL, MEDIOBANCA, MORGAN STANLEY, NATIXIS, SOCIETE GENERALE, UNICREDIT, VONTOBEL N

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of specialist on financial instruments issued by ABITARE IN, AQUAFIL, BANCA IFIS, BANCA SISTEMA, COFLE, COM.TEL, DIGITOUCH, ECOSUNTEK, ELEN., EMAK, ENERGY, GREEN OLEO, INTRED, MATICA FINTEC, MISITANO & STRACUZZI SPA, MONDADORI EDIT., OLIDATA, OMER, PHARMANUTRA, POWERSOFT, QF ALPHA IMM, REPLY, SESA, SG COMPANY, SOMEK, STAR7, SYS-DAT, TAMBURI, TESMEC, THE ITALIAN SEA GROUP, TINEXTA, TMP GROUP, TXT E-SOLUTIONS, UNIDATA with the obligation to disseminate studies

Intermonte SIM S.p.A. plays or has played in the last 12 months the role of sponsor for UNIDATA S.p.A.

© Copyright 2026 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website <https://www.intermonte.it/it/avvertenze-legali/mifid-ii.html>

Further information is available.