Milan, 12 September 2025

Italian Equity Research – 1Q25/26 Results

SESA

BUY

Sector: Industrials

Price: Eu83.20 - **Target: Eu120.00**

Supportive Business Outlook And Easier Comp Going Forward

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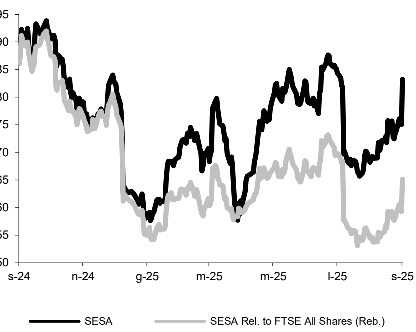
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2026E	**2027E**	**2028E**
Chg in Adj EPS	-0.4%	-0.3%	-0.3%

Next Event 2Q25/26 Results
Results Out 18 December 2025

SESA - 12M Performance



Stock Data			
Reuters code:			SES.MI
Bloomberg code:			SES IM
Performance	**1M**	**3M**	**12M**
Absolute	22.0%	0.5%	-3.5%
Relative	20.0%	-5.0%	-31.2%
12M (H/L)			93.85/57.65
3M Average Volume (th):			37.16

Shareholder Data	
No. of Ord shares (mn):	15
Total no. of shares (mn):	15
Mkt Cap Ord (Eu mn):	1,277
Total Mkt Cap (Eu mn):	1,277
Mkt Float - Ord (Eu mn):	595
Mkt Float (in %):	46.6%
Main Shareholder:	
ITH S.p.a.	52.8%

Balance Sheet Data	
Book Value (Eu mn):	440
BVPS (Eu):	32.31
P/BV:	2.6
Net Financial Position (Eu mn):	-75
Enterprise Value (Eu mn):	1,463

- **1Q25/26 EBITDA up 4% YoY, better than expected.** 1Q revenues (1 May – 31 July 2025) came to Eu845.7mn, up 2.2% YoY, on a pro-forma basis including the Greensun contribution. In 1Q, VAS, down 2.7% YoY to Eu497mn, was the only declining business segment, still marking an improvement compared to the weak 4Q performance, while all the other segments showed positive growth rates: Digital Green, at Eu111mn, was up 25% YoY, performing better than expected, SSI was up +2.8% YoY to Eu220mn, and Business Services rose +3% YoY to Eu37mn. Quarterly group EBITDA came in at Eu61mn, up 4% YoY, 2.7% higher than expected, mainly because of surprising profitability in the Business Service segment (19.9% on sales, up 350bp YoY thanks to the increasing focus on proprietary Digital Platforms and Vertical Applications) and higher business volumes in the Digital Green segment, while VAS showed a good margin (4.5% on sales, +10bp YoY). Further down, financial charges (before Eu0.5mn of ForEx losses) and the tax rate were both below our estimates, taking quarterly adjusted net profit to Eu27.9mn, a touch ahead of expectations. Notably, at the end of July 2025, net debt stood at Eu64.9mn (after a Eu53.9mn impact from IFRS16 and Eu159.8mn from the future M&A earn-out and put options), c.Eu10mn lower than expected, due to lower NWC absorption. At end-July 2025, factoring amounted to Eu450mn, the same level as at end-April 2025.
- **Management confirmed FY25/26 guidance,** that sees revenues up +5-7.5% YoY and EBITDA up +5-10%. Looking at the individual business segments, management adopted a more conservative stance on revenue growth in the SSI segment (indicated up mid-single-digit), offset by a more bullish view on Digital Green (expected up double-digit YoY) and on the profitability of Business Services. Guidance is assuming a purely inertial contribution from M&A. Adjusted net profit is expected to grow between 10.0% and 12.5%, with financial charges gradually decreasing. Cash flow generation should keep on improving with the notable reduction in ordinary and M&A investments to continue in the coming quarters. A strong VAS recovery is expected in 2Q in light of a much easier comparison and a healthy order backlog.
- **Updated estimates.** We are updating our estimates to reflect indications from results (stronger Digital Green and Business Service, smoother SSI growth), leaving our group estimates almost unchanged, consistent with the lower end of management's guidance range. As for cash flow, we remain more conservative than management indications that are aligned to our forecasts after the execution of the Eu25mn buyback plan, which is not factored into our numbers for the time being.
- **BUY; target Eu120 unchanged.** In our opinion, yesterday's positive share price reaction not only reflected the supportive business updates but also the fact the comparison becomes much easier from next quarter. We appreciate management's focus on achieving organic growth and improving cash flow generation. We are looking at the next quarterly release as a catalyst to further reinforce the credibility of guidance.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	3,210	3,357	3,527	3,705	3,890
EBITDA Adj (Eu mn)	240	241	254	272	292
Net Profit Adj (Eu mn)	106	96	102	114	127
EPS New Adj (Eu)	6.867	6.184	6.666	7.462	8.286
EPS Old Adj (Eu)	6.867	6.183	6.695	7.487	8.307
DPS (Eu)	1.000	1.000	1.027	1.188	1.345
EV/EBITDA Adj	7.2	6.1	5.4	4.9	4.3
EV/EBIT Adj	8.9	7.9	7.1	6.4	5.7
P/E Adj	12.1	13.5	12.5	11.1	10.0
Div. Yield	1.2%	1.2%	1.2%	1.4%	1.6%
Net Debt/EBITDA Adj	0.0	0.3	0.1	-0.1	-0.3

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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:	30.60%
OUTPERFORM:	38.06%
NEUTRAL:	31.34%
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 (78 in total) is as follows:

BUY:	48.72%
OUTPERFORM:	30.77%
NEUTRAL:	20.51%
UNDERPERFORM:	00.00%
SELL:	00.00%

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