

# SESA

Sector: Industrials

**BUY**

Price: Eu79.00 - Target: Eu123.00

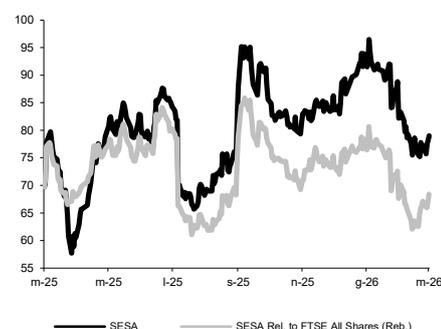
## Solid Quarter, Guidance Confirmed at Upper End of Range

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### Stock Rating

|                    |           |       |       |
|--------------------|-----------|-------|-------|
| Rating:            | Unchanged |       |       |
| Target Price (Eu): | Unchanged |       |       |
|                    | 2026E     | 2027E | 2028E |
| Chg in Adj EPS     | -0.5%     | -0.6% | -1.3% |

### SESA - 12M Performance



### Stock Data

|                         |             |           |            |
|-------------------------|-------------|-----------|------------|
| Reuters code:           | SES.MI      |           |            |
| Bloomberg code:         | SES IM      |           |            |
| <b>Performance</b>      | <b>1M</b>   | <b>3M</b> | <b>12M</b> |
| Absolute                | -4.1%       | -5.6%     | 13.3%      |
| Relative                | 0.3%        | -7.0%     | -2.2%      |
| 12M (H/L)               | 96.50/57.70 |           |            |
| 3M Average Volume (th): | 44.24       |           |            |

### Shareholder Data

|                           |       |
|---------------------------|-------|
| No. of Ord shares (mn):   | 15    |
| Total no. of shares (mn): | 15    |
| Mkt Cap Ord (Eu mn):      | 1,200 |
| Total Mkt Cap (Eu mn):    | 1,200 |
| Mkt Float - Ord (Eu mn):  | 544   |
| Mkt Float (in %):         | 45.4% |
| Main Shareholder:         |       |
| ITH S.p.a.                | 54.6% |

### Balance Sheet Data

|                                 |       |
|---------------------------------|-------|
| Book Value (Eu mn):             | 530   |
| BVPS (Eu):                      | 39.44 |
| P/BV:                           | 2.0   |
| Net Financial Position (Eu mn): | -40   |
| Enterprise Value (Eu mn):       | 1,308 |

**3Q results highlighted a double-digit growth of revenues and EBITDA, together with improving cash generation, proving the effectiveness of action by management. FY guidance was confirmed at the upper end of the range. The valuation is very attractive: we confirm our BUY recommendation, target Eu123.**

■ **3Q25/26 EBITDA up 11.6% YoY, better than expected, FCF improving.** Revenues for 3Q (1 November – 31 January 2026) came to Eu1,105mn, up 10.5% YoY, 4% better than expected. In 3Q, all business segments showed positive growth trends: ICT VAS remained strong, closing at Eu757mn, +14.4% YoY despite a tough comp and 8% better than expected; Digital Green, at Eu97.4mn, was up 12.2% YoY; SSI was up +0.3% YoY to Eu243mn; and Business Services rose +12.6% YoY to Eu46.2mn. Quarterly group EBITDA came in at Eu76.7mn, up 11.6% YoY, 3.3% higher than expected, thanks to improving profitability at the ICT VAS and SSI businesses, while Business Services and Digital Green were stable. Further down, financial charges (down Eu2mn YoY, -20% YoY) were in line with our estimates, taking quarterly adjusted net profit to Eu36.7mn, in line with our estimates. Notably, at the end of January 2026, net debt stood at Eu58.5mn (after a Eu55.4mn impact from IFRS16 and Eu150.5mn from the future M&A earn-out and put options), c.Eu20mn lower than expected due to lower NWC absorption. Factoring was Eu450mn, the same level as at end-October 2025.

■ **Management confirmed FY25/26 guidance** for revenues up +5-7.5% YoY and EBITDA up +5-10%, indicating that strong backlog and positive current trading will enable it to hit the high end of the range. Looking at the individual business segments, management confirmed a gradual recovery in the SSI segment (4Q should continue the sequential improvement, the one-company project will be completed in the next 12 months), while momentum should remain strong at Digital Green and ICT VAS. Management appeared very confident on the pipeline for the Business Service segment, with the expected onboarding of new customers and the signing of multi-year contracts. Free cash flow generation (corresponding to Eu80mn in the last 12 months) should continue to improve, with the notable reduction in M&A investments to continue in the coming quarters (CapEx + M&A was about Eu90mn in 9M26). In 4Q, Sesa should cash in about Eu20mn from the sale of its stake in Digital Value and another non-core disposal.

■ **Updated estimates.** We are updating our estimates to reflect indications from results, slightly upgrading our group estimates (+0.7%/+1.2% on revenues and EBITDA), which are now in line with management guidance. The minor EPS revision is due to slight increases in both D&A and minorities. Our estimates assume annual FCF of almost Eu100mn, double the figure last year.

| Key Figures & Ratios   | 2024A | 2025A | 2026E | 2027E | 2028E |
|------------------------|-------|-------|-------|-------|-------|
| Sales (Eu mn)          | 3,210 | 3,357 | 3,601 | 3,763 | 3,939 |
| EBITDA Adj (Eu mn)     | 240   | 241   | 260   | 278   | 297   |
| Net Profit Adj (Eu mn) | 106   | 96    | 104   | 115   | 127   |
| EPS New Adj (Eu)       | 6.867 | 6.184 | 6.817 | 7.589 | 8.350 |
| EPS Old Adj (Eu)       | 6.867 | 6.184 | 6.851 | 7.638 | 8.463 |
| DPS (Eu)               | 1.000 | 1.000 | 1.056 | 1.211 | 1.354 |
| EV/EBITDA Adj          | 7.2   | 6.1   | 5.0   | 4.5   | 4.0   |
| EV/EBIT Adj            | 8.9   | 7.9   | 6.6   | 6.0   | 5.4   |
| P/E Adj                | 11.5  | 12.8  | 11.6  | 10.4  | 9.5   |
| Div. Yield             | 1.3%  | 1.3%  | 1.3%  | 1.5%  | 1.7%  |
| Net Debt/EBITDA Adj    | 0.0   | 0.3   | 0.2   | -0.1  | -0.3  |

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- 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:          | 31.30% |
| OUTPERFORM:   | 38.17% |
| NEUTRAL:      | 30.53% |
| 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 (75 in total) is as follows:

|               |        |
|---------------|--------|
| BUY:          | 52.00% |
| OUTPERFORM:   | 29.33% |
| NEUTRAL:      | 17.34% |
| UNDERPERFORM: | 01.33% |
| SELL:         | 00.00% |

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