

SESA

BUY
Sector: Industrials
Price: Eu84.90 - Target: Eu123.00

Improving Business Trends in 2Q, Promising Outlook

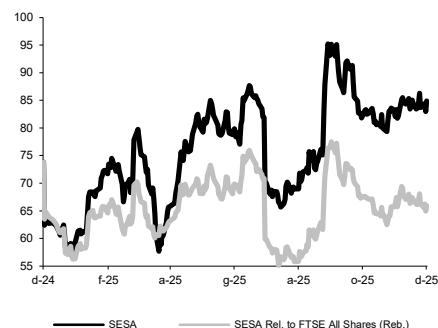
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Stock Rating		
Rating:		Unchanged
Target Price (Eu):		from 120.00 to 123.00
2026E	2027E	2028E
Chg in Adj EPS	2.8%	2.4%
2.1%		

Next Event 3Q25/26 Results

Results Out 12 March 2026

SESA - 12M Performance



Stock Data		
Reuters code:	SES.MI	
Bloomberg code:	SES IM	
Performance	1M	3M
Absolute	3.4%	-10.8%
Relative	-0.5%	-15.8%
12M (H/L)		95.20/57.65
3M Average Volume (th):		33.94

Shareholder Data	
No. of Ord shares (mn):	15
Total no. of shares (mn):	15
Mkt Cap Ord (Eu mn):	1,289
Total Mkt Cap (Eu mn):	1,289
Mkt Float - Ord (Eu mn):	601
Mkt Float (in %):	45.4%
Main Shareholder:	
ITH S.p.a.	54.6%

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

2Q results highlighted a nice acceleration in revenues and EBITDA, proving that management's focus on achieving organic growth and improving cash flow generation is having an effect. We expect the next quarterly release to further enhance visibility on guidance. Valuation is still very attractive, we confirm our **BUY** recommendation, target from Eu120 to Eu123. The revision to our target price factors in the minor estimate upgrade and the 1% share cancellation.

■ **2Q25/26 EBITDA up 8.5% YoY, better than expected, improving FCF.** Revenues for 2Q (1 August – 31 October 2025) came to Eu754.6mn, up 9.4% YoY, on a pro-forma basis including the Greensun contribution. In 2Q, all business segments showed positive growth trends: ICT VAS regained traction, closing at Eu442mn, +8% YoY, Digital Green, at Eu98.2mn, was up 27% YoY, performing 5.6% better than expected, SSI was up +4.8% YoY to Eu200.3mn, and Business Services rose +10.8% YoY to Eu37mn. Quarterly group EBITDA came in at Eu53.7mn, up 8.5% YoY, 2% higher than expected, thanks to improving profitability in the ICT VAS and Digital Green businesses that more than offset less brilliant performances in SSI (still sequentially improving) and Business Services (burdened by ramp up costs on a couple of new contracts). Further down, financial charges (down Eu1.7mn YoY, -15.5% YoY) were in line with our estimates, taking quarterly adjusted net profit to Eu17.6mn, better than forecast thanks to a lower tax rate. Notably, at the end of October 2025, net debt stood at Eu119mn (after a Eu57.6mn impact from IFRS16 and Eu150.8mn from the future M&A earn-out and put options), c.Eu3mn lower than expected, due to lower NWC absorption. Factoring was Eu450mn, the same level as at end-July 2025.

■ **Management confirmed FY25/26 guidance** for revenues up +5-7.5% YoY and EBITDA up +5-10%, suggesting positive current trading might allow it to hit the high-end of the range. Looking at the individual business segments, management confirmed a gradual recovery in the SSI segment (EBITDA growth should be positive in 3Q), while momentum should remain excellent in Digital Green. ICT VAS are expected to continue to perform very well in 3Q, in light of a 25% YoY increase in the backlog as at the end of November. Adjusted net profit is expected to grow between 10.0% and 12.5%, with financial charges decreasing about Eu10mn YoY. Free cash flow generation (corresponding to Eu105mn in the last-12 months) should continue to improve, with the notable reduction in ordinary and M&A investments to continue in the coming quarters (FY CAPEX+M&A guidance was confirmed at ca. Eu80mn overall). In 3Q, Sesa should cash in about Eu11mn from the sale of its stake in Digital Value, while further small non-core disposals are being negotiated.

■ **Updated estimates.** We are updating our estimates to reflect indications from results (stronger Digital Green and ICT VAS, smoother SSI margin growth), slightly upgrading our group estimates (+1.3% on revenues and EBITDA), which are now in line with the mid-range of management's guidance. Our estimates might turn out to be excessively prudent in terms of FCF if management continues the CapEx discipline shown in 1H.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	3,210	3,357	3,574	3,745	3,926
EBITDA Adj (Eu mn)	240	241	257	275	294
Net Profit Adj (Eu mn)	106	96	104	116	129
EPS New Adj (Eu)	6.867	6.184	6.851	7.638	8.463
EPS Old Adj (Eu)	6.867	6.184	6.666	7.462	8.286
DPS (Eu)	1.000	1.000	1.063	1.222	1.379
EV/EBITDA Adj	7.2	6.1	5.4	4.9	4.4
EV/EBIT Adj	8.9	7.9	7.1	6.4	5.8
P/E Adj	12.4	13.7	12.4	11.1	10.0
Div. Yield	1.2%	1.2%	1.3%	1.4%	1.6%
Net Debt/EBITDA Adj	0.0	0.3	0.2	-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 FTSEMBI40 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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 19 December 2025 Intermonte's Research Department covered 133 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.33%
OUTPERFORM:	38.35%
NEUTRAL:	28.57%
UNDERPERFORM:	00.75%
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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