Milan, 16 May 2025

**Italian Equity Research – 1Q25 Results**

# SOMEC

# BUY

*Sector: Industrials*

Price: Eu12.80 - **Target: Eu19.00**

## Robust Start to the Year: Revenues +10% YoY


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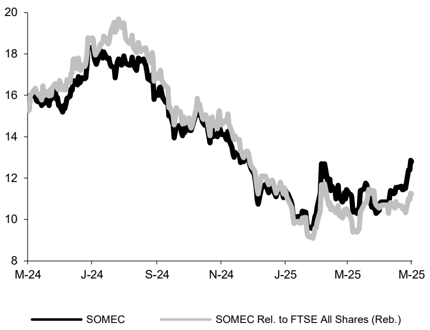
| Stock Rating | | | |
|---|---|---|---|
| **Rating:** | | | Unchanged |
| **Target Price (Eu):** | | | Unchanged |
| | **2025E** | **2026E** | **2027E** |
| **Chg in Adj EPS** | 30.1% | 29.6% | |

**SOMEC - 12M Performance**




| Stock Data | | | |
|---|---|---|---|
| Reuters code: | | | SOME.MI |
| Bloomberg code: | | | SOM IM |
| **Performance** | **1M** | **3M** | **12M** |
| Absolute | 18.5% | 20.8% | -16.1% |
| Relative | 5.8% | 14.4% | -30.0% |
| 12M (H/L) | | | 18.30/9.56 |
| 3M Average Volume (th): | | | 6.96 |

| Shareholder Data | |
|---|---|
| No. of Ord shares (mn): | 7 |
| Total no. of shares (mn): | 7 |
| Mkt Cap Ord (Eu mn): | 88 |
| Total Mkt Cap (Eu mn): | 88 |
| Mkt Float - Ord (Eu mn): | 22 |
| Mkt Float (in %): | 24.8% |
| Main Shareholder: | |
| Venezia SpA | 74.9% |

| Balance Sheet Data | |
|---|---|
| Book Value (Eu mn): | 22 |
| BVPS (Eu): | 3.26 |
| P/BV: | 3.9 |
| Net Financial Position (Eu mn): | -44 |
| Enterprise Value (Eu mn): | 135 |

- **1Q25 revenues +9.8% YoY, Mestieri Division very strong.** Yesterday Somec released 1Q25 revenue figures that showed a continuation of the company's positive momentum and Mestieri's progression. Revenues were up 9.8% YoY to Eu96.1mn, ahead of the run rate to reach our +5% YoY FY target, but also benefitting from some easy comps this quarter. **Mestieri** (bespoke interiors) delivered impressive +53.4% YoY growth, supported by strong project execution in both Europe and the US. **Horizons** (complex façades and naval) remained stable at Eu56.5mn (-0.8% YoY), highlighting the resilience of the backlog and steady activity across core markets both in the civil and naval sectors. **Talenta** (technical systems) came in slightly lower at Eu12.8mn (-2.4% YoY), in line with quarterly expectations.
- **Initial sales figures confirmed previous indications.** Sales trends are encouraging, supporting the company's target of exploiting momentum to drive a clear improvement in profitability. At the time of FY results, management struck a very positive tone during the conference call in light of the visibility on the order backlog and the margin trajectory outlook. The CEO stated that the focus was on developing profitability and maintaining NFP control, which should result in positive trends throughout this year. 1Q25 sales growth tends to confirm management's confidence in positive developments in all divisions, delivering top line growth and even higher margins.
- **Eu63mn of orders secured in 2025 to date.** We highlight that the year to May saw Eu63mn of order announcements across divisions, confirming the strategy of diversification and cross-selling of different solutions. Oxin, part of the Talenta division, won a total of Eu33.7mn in orders for work on three ships, one on option, for Crystal Cruises; at the beginning of May, Fabbrica (part of the Horizon division) announced the signing of a c.Eu30mn contract for the new Nokia building in New Brunswick, New Jersey, US, including the manufacturing and installation of c.17,000m$^2$ of architectural façade.
- **Estimates unchanged.** We confirm our estimates and assumptions which envisage mid-single-digit growth for FY25, with a greater pace for profitability, and margins expected to expand by c.50bp YoY.
- **BUY; target Eu19 confirmed.** We believe the group is well placed to exploit growth opportunities across several markets and benefit from the synergistic integration of the different businesses. The proven management team, the mix of leadership in core businesses and diversification in growth segments, as well as cash generation, are the key investment points of the story. Profitability is moving in the right direction now, thanks in part to the normalisation of the cost base, while from an organisational standpoint, the new management team should be complete, especially with the recent addition of the Mestieri CEO. The order book is developing nicely as demonstrated by several recent contract announcements. Upside potential offers an opportunity that should become more visible throughout 2025.

| Key Figures & Ratios | 2023A | 2024A | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|
| Sales (Eu mn) | 371 | 383 | 400 | 422 | 436 |
| EBITDA Adj (Eu mn) | 18 | 30 | 33 | 37 | 39 |
| Net Profit Adj (Eu mn) | -12 | 5 | 5 | 9 | 10 |
| EPS New Adj (Eu) | -1.696 | 0.695 | 0.792 | 1.254 | 1.495 |
| EPS Old Adj (Eu) | -1.696 | 0.134 | 0.609 | 0.967 | |
| DPS (Eu) | 0.000 | 0.000 | 0.000 | 0.396 | 0.627 |
| EV/EBITDA Adj | 16.0 | 6.2 | 4.1 | 3.0 | 2.2 |
| EV/EBIT Adj | nm | 22.3 | 9.1 | 5.8 | 4.0 |
| P/E Adj | nm | 18.4 | 16.2 | 10.2 | 8.6 |
| Div. Yield | 0.0% | 0.0% | 0.0% | 3.1% | 4.9% |
| Net Debt/EBITDA Adj | 4.6 | 2.0 | 1.3 | 0.5 | -0.1 |

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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 S&PMIB40 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 31 March 2025 Intermonte's Research Department covered 131 companies.
As of today Intermonte's distribution of stock ratings is as follows:

| | |
|---|---|
| BUY: | 32.59 % |
| OUTPERFORM: | 37.78 % |
| NEUTRAL: | 29.63 % |
| UNDERPERFORM | 00.00 % |
| SELL: | 00.00 % |

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

| | |
|---|---|
| BUY: | 52.70 % |
| OUTPERFORM: | 29.73 % |
| NEUTRAL: | 17.57 % |
| UNDERPERFORM | 00.00 % |
| SELL: | 00.00 % |

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|---|---|---|



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