

# SOMEK

Sector: Industrials

**BUY**

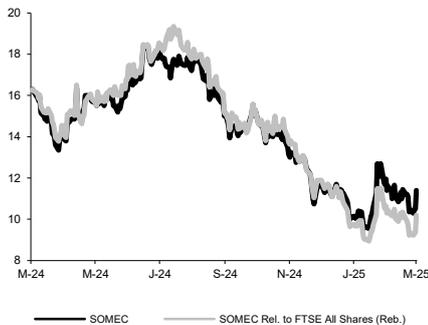
Price: Eu11.40 - Target: Eu19.00

## Re-Gaining Traction: Much Better P&L and NFP

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

### SOMEK - 12M Performance



Stock Data			
Reuters code:	SOME.MI		
Bloomberg code:	SOM IM		
Performance	1M	3M	12M
Absolute	0.0%	-2.6%	-29.8%
Relative	-1.1%	-16.3%	-41.7%
12M (H/L)	18.30/9.56		
3M Average Volume (th):	11.61		

Shareholder Data	
No. of Ord shares (mn):	7
Total no. of shares (mn):	7
Mkt Cap Ord (Eu mn):	79
Total Mkt Cap (Eu mn):	79
Mkt Float - Ord (Eu mn):	19
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:	3.5
Net Financial Position (Eu mn):	-44
Enterprise Value (Eu mn):	126

- Very robust results driven by strong end to the year.** Yesterday Somek reported FY24 results that beat expectations on the P&L and, most remarkably, presented a level of indebtedness that is now well under control, coming in c.Eu20mn below our expectations thanks to tight working capital management and operating free cash flow generation. Revenues stood at Eu382.8mn (+3.2% vs. our estimate of Eu370.9mn), up 3.2% YoY 3.1%) highlighting an extraordinary 4Q24 with revenues at Eu112.9mn (+12% vs. our estimates) with a surprising +23.9% YoY performance which entirely offset the soft performance achieved up to 9M24 (-3.6% YoY). The quarter featured organic business developments, with a reversal of delays accumulated in previous quarters and management indicating there were no extraordinary factors to take into account. By division, on a FY basis, growth was driven by the Horizon division (+9.7% YoY) while Talenta and Mestieri remained slightly negative at -3.2% and -7.3% YoY respectively due to soft performances in previous quarters.
- Adj. EBITDA up 66% YoY, margin +80bp.** Adjusted EBITDA (ex c.Eu0.5mn of non-recurring costs) came in at Eu30.1mn, up 65.5% YoY, a 7.9% margin on sales or c.80bp expansion thanks to greater efficiency in operating costs and higher added-value orders, particularly in the refitting sector and the North American glazing market. The long tail of low-margin contracts also came to an end.
- Adj. net income back in positive ground.** Adj. net income stood at Eu4.8mn, while considering impairment loss costs related to professional kitchens, reported net income was slightly negative at Eu-0.5mn (compared to Eu-10.4mn last year).
- NFP improved significantly, back under control.** Net of IFRS16, NFP came in at Eu36.1mn vs. Eu60.1mn last year. The reduction in the Group's total debt (-30.5%) is attributable to the operating result for the year, excellent cash conversion and careful management of net working capital, which was negative by Eu-2.8mn vs. Eu-11.6mn last year. Great focus was placed on inventory management.
- Constructive indications.** Management struck a very positive tone during the conference call in light of the visibility of order backlog and the margin trajectory outlook. Focus is on developing profitability and NFP control, which should result in positive trends this year. No specific guidance was provided, but management is confident of positive developments in all the divisions, delivering top line and even higher margin growth.
- 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 developing 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. 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	3.8	2.7	2.0
EV/EBIT Adj	nm	22.3	8.4	5.3	3.6
P/E Adj	nm	16.4	14.4	9.1	7.6
Div. Yield	0.0%	0.0%	0.0%	3.5%	5.5%
Net Debt/EBITDA Adj	4.6	2.0	1.3	0.5	-0.1

