Milan, 11 September 2025

Italian Equity Research – 2Q25 Results

SYS-DAT

OUTPERFORM

Sector: Industrials

Price: Eu6.42 - **Target: Eu8.60**

2Q Performance Reinforces SYS Buy & Build Strategy

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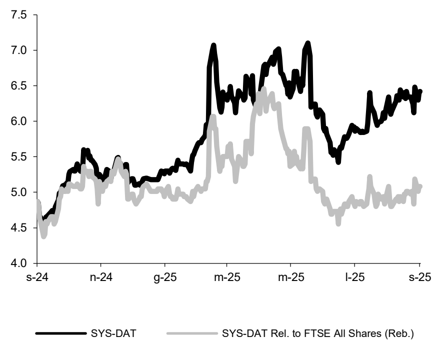
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 8.40 to 8.60
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-4.1%	-2.5%	-2.4%

Next Event

2Q25 Results Out on Sept 10th

SYS-DAT - 12M Performance



Stock Data			
Reuters code:			SYSD.MI
Bloomberg code:			SYS IM
Performance	**1M**	**3M**	**12M**
Absolute	4.6%	8.8%	31.8%
Relative	3.6%	4.3%	5.5%
12M (H/L)			7.10/4.42
3M Average Volume (th):			25.64

Shareholder Data	
No. of Ord shares (mn):	31
Total no. of shares (mn):	31
Mkt Cap Ord (Eu mn):	201
Total Mkt Cap (Eu mn):	201
Mkt Float - Ord (Eu mn):	69
Mkt Float (in %):	34.4%
Main Shareholder:	
Vittorio Neuroni	24.8%

Balance Sheet Data	
Book Value (Eu mn):	63
BVPS (Eu):	2.03
P/BV:	3.2
Net Financial Position (Eu mn):	22
Enterprise Value (Eu mn):	179

2Q results once again highlighted SYS's resilience in outperforming the growth of the Italian digital market, while swiftly integrating acquisitions without compromising its outstanding cash generation, a key pillar of the group's Buy & Build business model. The outlook for 2H remains positive, with organic growth expected to accelerate in 3Q, seasonally the weakest quarter of the year. We also expect stronger momentum from cross-selling activities, supported by increased sales & marketing efforts, and we do not rule out the possibility of further acquisitions by year-end. In this update report, we broadly confirm our estimates, reiterate our OUTPERFORM rating, and raise our TP to €8.60 to reflect a lower equity risk premium in our DCF model.

- **2Q in line, confirming solid growth and strong cash generation capabilities.** Net sales came in at €22.7mn (+54% YoY / +5% org.), vs. our estimate of €23.1mn (-2%), contributing €7.3mn and featuring a strong impact of recurring revenues. On profitability, adj. EBITDA net of M&A-related costs was €4.3mn, a 19.2% margin, in line with expectations. On cash flow, a further improvement in NWC led to FCF of €4.6mn (i.e. >100% of EBITDA), with NFP at €18mn (+€3.3mn vs. 1Q).
- **A&C Holding fully integrated, focus shifting to cross-selling.** In 2Q, efforts were mainly directed towards the integration of A&C Holding, successfully completed by the end of June, which temporarily diverted attention from organic growth and resulted in a slight slowdown during the quarter. Management is now firmly focused on the commercial side, with the key priority of maximising cross-selling opportunities and expanding into customer segments not previously served by SYS, including logistics, agri-tech, food & beverage, as well as notaries and accountants.
- **Outlook still positive**. The company has not provided FY25 guidance, but during the call management appeared confident of being able to continue to outperform core market growth, with organic growth likely to accelerate in 3Q. SYS confirmed it is seeking to continue to grow through M&A and aims to complete successful new acquisitions, with active discussions underway with several prospective targets.
- **Change in estimates.** Following 2Q results, we are keeping our P&L estimates broadly unchanged. We are only making minor adjustments, with a slightly lower organic contribution partly offset by a modest increase in the impact from M&A. On profitability, we are now factoring in €0.4mn of M&A-related expenses, while on cash flow we are slightly improving NWC assumptions, leading to stronger cash generation.
- **OUTPERFORM confirmed TP €8.6 (from €8.4).** We are updating our valuation, raising our TP to €8.6 (from €8.4) on a fully-diluted basis (including the full exercise of the stock option). The uplift mainly reflects a lower equity risk premium in our DCF model (reduced from 6% to 5.5%). Our valuation also incorporates the additional value the company could generate through M&A, an area where it has already shown solid execution in recent years. We quantify this optionality at €1.3 per share, based on a financial leverage target of 1.5x and an acquisition multiple of 6x EV/EBITDA, which we see as conservative vs. the historical 5x. This assumes successful integration of acquired businesses and the ability to capture synergies through both up-selling and cross-selling.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	46	57	92	100	107
EBITDA Adj (Eu mn)	9	12	18	20	22
Net Profit Adj (Eu mn)	4	7	9	10	12
EPS New Adj (Eu)	0.190	0.216	0.287	0.327	0.375
EPS Old Adj (Eu)	0.190	0.216	0.299	0.336	0.385
DPS (Eu)	0.030	0.040	0.035	0.042	0.049
EV/EBITDA Adj		10.2	10.0	8.6	7.1
EV/EBIT Adj		14.0	15.3	12.3	10.1
P/E Adj	33.7	29.8	22.4	19.6	17.1
Div. Yield	0.5%	0.6%	0.6%	0.7%	0.8%
Net Debt/EBITDA Adj	-0.3	-2.8	-1.2	-1.6	-1.9

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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:

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

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