SYS-DAT

OUTPERFORM

Sector: Industrials

Price: Eu5.92 - **Target: Eu8.60**

Accelerating Growth, Solid Profitability, M&A Pipeline Taking Shape

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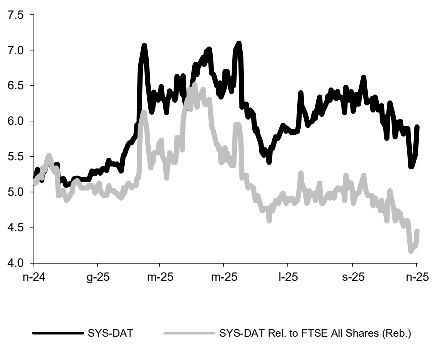
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.6%	0.4%	0.3%

SYS-DAT - 12M Performance



Stock Data			
Reuters code:			SYSD.MI
Bloomberg code:			SYS IM
Performance	**1M**	**3M**	**12M**
Absolute	-1.3%	-3.9%	15.4%
Relative	-7.4%	-10.5%	-17.3%
12M (H/L)			7.10/5.10
3M Average Volume (th):			25.28

Shareholder Data	
No. of Ord shares (mn):	31
Total no. of shares (mn):	31
Mkt Cap Ord (Eu mn):	185
Total Mkt Cap (Eu mn):	185
Mkt Float - Ord (Eu mn):	64
Mkt Float (in %):	34.4%
Main Shareholder:	
Vittorio Neuroni	24.8%

Balance Sheet Data	
Book Value (Eu mn):	63
BVPS (Eu):	2.00
P/BV:	3.0
Net Financial Position (Eu mn):	22
Enterprise Value (Eu mn):	163

SYS once again reported a solid set of figures in 3Q, with organic growth accelerating QoQ, improved profitability, and positive cash generation, despite the quarter typically being affected by less favourable WC dynamics. The outlook for 4Q remains positive, with sustained organic momentum and a renewed focus on potential M&A opportunities. New targets have been identified, discussions are ongoing, and further announcements could follow in the coming months. In our view, SYS is consistently delivering on the two strategic growth pillars underpinning its equity story since the IPO. We believe the company is well positioned to further strengthen its role as a consolidator within the Italian digital landscape. We reiterate our estimates, rating, and TP, with potential upside of c.45% vs. yesterday's closing price.

- **3Q in brief: stronger organic growth, higher profitability, positive cash generation.** Net sales came in at €20.2mn (+65% YoY), in line with our estimates, as the result of an acceleration in the organic business (+8% vs. +4% in 2Q), and a solid performance at A&C Holding, contributing c.€7mn to the top line. On profitability, adj. EBITDA was €3.9mn, a margin of c.19%, in line with expectations. On the bottom line, net income came to €1.7mn (+52% vs. €1.1mn in 3Q24). On cash flow, the FCF/EBITDA conversion rate remained >50%, with NFP at €19.6mn (+€1.3mn vs. 2Q).
- **Outlook to remain positive. Further acquisition(s) to come?** 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 continue at a similar pace in 4Q. SYS confirmed it is seeking further growth through M&A and hopes to complete successful new acquisitions; active talks are in progress with several prospective targets of varying size operating in a range of end markets (from manufacturing to legal, from logistics to media).
- **Change in estimates.** Following 3Q results, we are keeping our estimates unchanged. We are only making minor adjustments to account for the shares repurchased over the past month under the buyback programme, through which SYS aims to acquire up to 0.5mn shares (c.1.6% of the share capital) to serve the 2024–26 Stock Option Plan.
- **OUTPERFORM confirmed; target still €8.6.** We reiterate our OUTPERFORM rating and €8.6 TP on a fully-diluted basis (including full exercise of the stock option). 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 €1.1 per share based on a financial leverage target of 1.5x and an acquisition multiple of 6x EV/EBITDA, which we see as conservative compared to the historical 5x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	46	57	90	97	104
EBITDA Adj (Eu mn)	9	12	17	19	22
Net Profit Adj (Eu mn)	4	7	9	10	11
EPS New Adj (Eu)	0.190	0.216	0.277	0.312	0.358
EPS Old Adj (Eu)	0.190	0.216	0.276	0.310	0.357
DPS (Eu)	0.030	0.040	0.035	0.041	0.048
EV/EBITDA Adj		10.2	9.4	8.1	6.7
EV/EBIT Adj		14.0	14.7	11.9	9.7
P/E Adj	31.1	27.4	21.3	19.0	16.5
Div. Yield	0.5%	0.7%	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:	32.06%
OUTPERFORM:	38.17%
NEUTRAL:	29.01%
UNDERPERFORM:	00.76%
SELL:	00.00%

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OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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