

SYS-DAT

Sector: Industrials

OUTPERFORM

Price: Eu6.35 - Target: Eu7.00

On the Right Track: Combining M&A and Organic Growth

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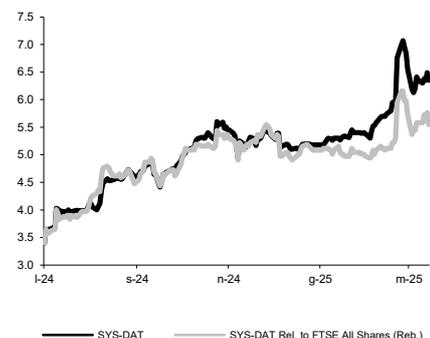
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 6.00 to 7.00		
	2025E	2026E	2027E
Chg in Adj EPS	36.0%	34.2%	

Next Event

 1Q25 Results Out on May 13th

SYS-DAT - 12M Performance



Stock Data

Reuters code: SYSD.MI
 Bloomberg code: SYS IM

Performance	1M	3M	12M
Absolute	10.6%	24.5%	
Relative	9.0%	14.2%	
12M (H/L)			7.07/3.40
3M Average Volume (th):			25.78

Shareholder Data

No. of Ord shares (mn):	31
Total no. of shares (mn):	31
Mkt Cap Ord (Eu mn):	199
Total Mkt Cap (Eu mn):	199
Mkt Float - Ord (Eu mn):	58
Mkt Float (in %):	29.4%
Main Shareholder:	
Vittorio Neuroni	28.2%

Balance Sheet Data

Book Value (Eu mn):	64
BVPS (Eu):	2.04
P/BV:	3.1
Net Financial Position (Eu mn):	19
Enterprise Value (Eu mn):	180

4Q results once again highlight the soundness of SYS's business, and the company's ability to combine organic and external growth. The latest acquisition (A&C Holding), which went through at an attractive valuation, represents a strategic move that enables SYS to expand its range of solutions and unlock cross-selling opportunities, while securing the commitment of the acquired company's management through medium/long-term incentive schemes. In this note, we adjust our estimates to reflect recent M&A and update our DCF-driven valuation, arriving at a new fully diluted TP of €7.0 (up from €6.0). This does not yet factor in the potential additional value SYS could generate from further M&A, which we estimate at €30–€55mn, assuming financial leverage between 1.0x and 2.0x. **OUTPERFORM confirmed.**

- **Another good set of results:** 4Q results were broadly in line, with both revenue and margins accelerating QoQ, driven by organic development and M&A. Net sales at €16.5mn (+22%YoY), with EBITDA at €3.4mn, a 20.4% margin, improving YoY (18.8% in 4Q23) and QoQ (18.4% in 3Q). Net profit at €3.1mn was better than our estimate of €1.7mn (+82%), partly thanks to higher financial income, and to fiscal benefits deriving from the IPO. NFP at €32.2mn (€36.6mn in 3Q24), includes the cash-out of ~€6mn for the acquisitions finalised in the final part of the year.
- **A&C Holding acquisition a game-changer:** we welcome the first acquisition of the year, the fourth since the July listing. The acquisition has a significant impact on numbers, with a contribution of ~30% to 2024A EBITDA. We think the deal is strategic, enabling SYS to increase the range of solutions for the SME market and its presence in various market verticals. We think it could offer cross-selling opportunities, and accelerate the growth and profitability of the target, as has happened for other companies acquired in recent years. The deal went through at very attractive multiples (c. 5x EV/EBITDA) and secures the involvement of the acquired company's management through long-term objectives.
- **Outlook remains positive:** the company has not given any guidance on FY25, but during the call management appeared confident of being able to achieve an organic growth rate above the core market (+7%), driven by strong visibility on business. SYS confirmed it is seeking to continue its growth through M&A and aims to finalise successful new acquisitions in order to enter market verticals it currently does not cover, as well as to add new technologies.
- **Change in estimates:** we are including the consolidation of A&C Holding in our estimates. Organically, we broadly confirm our business expansion estimate (>10% YoY) and include a dividend payout ratio of 15%. To better represent the industrial profitability of the SYS-DAT business model, we are adjusting earnings forecasts to strip out the non-monetary impact from amortization of PPA (expected at €2.25mn from 2025-onwards). Overall, we expect FY25 revenue of €92mn and EBITDA of ~€18mn, with the margin down slightly YoY, resulting from the lower profitability of the recent acquisition. However, as we have seen in the past, we believe SYS has the capacity to enhance the profitability of acquired companies and return to its historical 20% margin within a couple of years. We remain confident on the company's strong cash generation, still pointing to an EBITDA/OpFCF ratio in the 45-50% range during the projection period.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	46	57	92	101	110
EBITDA Adj (Eu mn)	9	12	18	20	23
Net Profit Adj (Eu mn)	4	7	9	10	12
EPS New Adj (Eu)	0.190	0.239	0.298	0.335	0.384
EPS Old Adj (Eu)	0.190	0.174	0.219	0.250	
DPS (Eu)	0.030	0.040	0.037	0.042	0.049
EV/EBITDA Adj		10.2	10.0	8.6	7.1
EV/EBIT Adj		14.0	14.2	12.2	10.0
P/E Adj	33.3	26.6	21.3	19.0	16.5
Div. Yield	0.5%	0.6%	0.6%	0.7%	0.8%
Net Debt/EBITDA Adj	-0.3	-2.8	-1.1	-1.4	-1.7

