SYS-DAT

OUTPERFORM

Sector: Industrials

Price: Eu6.60 - **Target: Eu8.40**

Execution on Track, M&A Upside Drives our TP Increase

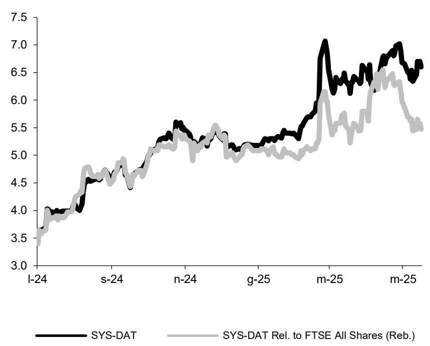
Pietro Nargi +39-02-77115.401
pietro.nargi@intermonte.it
Andrea Randone: +39-02-77115.364
andrea.randone@intermonte.it

Stock Rating

Rating:			Unchanged
Target Price (Eu):			from 7.00 to 8.40
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.3%	0.2%	0.1%

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**	
Absolute	-0.9%	15.0%	
Relative	-13.6%	8.0%	
12M (H/L)			7.07/3.40
3M Average Volume (th):			25.55

Shareholder Data

No. of Ord shares (mn):	31
Total no. of shares (mn):	31
Mkt Cap Ord (Eu mn):	206
Total Mkt Cap (Eu mn):	206
Mkt Float - Ord (Eu mn):	61
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:	3.2
Net Financial Position (Eu mn):	21
Enterprise Value (Eu mn):	185

1Q results were broadly in line with expectations and remain fully on track to meet our FY estimates. This set of results further highlights the soundness of SYS's business model and its capability to combine organic and external growth without neglecting FCF generation, which remained solid in the quarter. In this update, we are raising our assumption on cash generation, factoring in lower CapEx and better WC, as the recent acquisition is likely to contribute positively in this regard. We are lifting our TP to €8.40 (from €7.0), including the potential additional value SYS could generate through further accretive M&A, considering financial leverage at 1.5x and an acquisition multiple of 6x EV/EBITDA, conservatively above the historical average. OUTPERFORM confirmed.

- **A good start to the year:** SYS continued to deliver double-digit growth in both revenue and EBITDA, driven by both organic performance and recent M&A activity. Net sales came in at €22.3mn (+63% YoY, +9.2% org.), in line with our est.; EBITDA was €4.1mn (+55% YoY, +18% org.), with an 18.3% margin (19% in 1Q24), a slight decline that reflected the one-off costs related to the acquisition of A&C Holding - net of this impact, the EBITDA margin would have been 19.4% (+40bp YoY). The bottom line was affected by higher-than-expected D&A, mainly related to PPA amortisation from the recent acquisition. NFP stood at €15mn (€32.2mn as at YE24), including the full €19mn impact of M&A (gross of future cash out and the put/call for the buyout of minorities), still highlighting solid FCF generation.
- **Outlook remains 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. SYS has confirmed its intention to pursue further growth through M&A, with active discussions currently underway with several potential targets. During the call, SYS confirmed that the business integration and combination of recent acquisitions is well underway, in line with expectations. Management has reaffirmed that A&C Holding represents a strategic move, enabling SYS to broaden its range of solutions and unlock cross-selling opportunities. SYS has expressed its appreciation for the qualities and expertise of A&C Holding's management team, whose long-term commitment is supported by medium- to long-term incentive plans.
- **Change in estimates**: considering 1Q results, we are leaving our P&L estimates unchanged, while on cashflow we are assuming a better FCF generation profile, also reflecting the positive impact from the integration of A&C Holding, which has lower CapEx requirements and favourable WC dynamics.
- **OUTPERFORM TP €8.4 (from €7.0).** Nearly a year after its listing, SYS has demonstrated strong execution both organically and through M&A, partly reflected in the stock's solid performance. We believe there is still further upside, as the company continues to maintain a solid pipeline of opportunities on the table. For this reason, we are now adding the additional value the company could generate through M&A, that we estimate at €1.4 p/s, assuming a financial leverage target of 1.5x and an acquisition multiple of 6x EV/EBITDA, conservatively above the historical 5x. This assumes successful integration of acquired businesses and the ability to realise synergies through both up-selling and cross-selling.

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	11	12
EPS New Adj (Eu)	0.190	0.216	0.299	0.336	0.385
EPS Old Adj (Eu)	0.190	0.239	0.298	0.335	0.384
DPS (Eu)	0.030	0.040	0.037	0.042	0.050
EV/EBITDA Adj		10.2	10.3	8.8	7.3
EV/EBIT Adj		14.0	14.6	12.5	10.3
P/E Adj	34.6	30.6	22.1	19.7	17.2
Div. Yield	0.5%	0.6%	0.6%	0.6%	0.8%
Net Debt/EBITDA Adj	-0.3	-2.8	-1.2	-1.5	-1.9

Intermonte

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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.

Explanation of our ratings system:

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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Emittente	%	Long/Short

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Further information is available