

THE ITALIAN SEA GROUP

BUY

Sector: Consumers

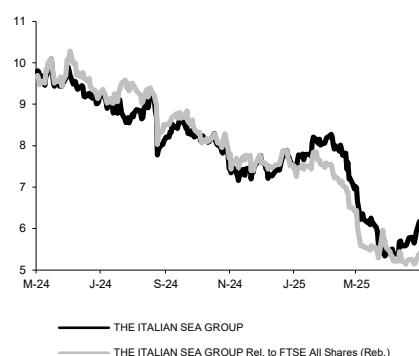
Price: Eu6.17 - Target: Eu11.00

1Q25 Results as Expected. Guidance Confirmed

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	0.0%	0.0%

THE ITALIAN SEA GROUP - 12M Performance



Stock Data			
Reuters code:	TISGR.MI		
Bloomberg code:	TISG IM		
Performance	1M	3M	12M
Absolute	14.5%	-24.3%	-35.2%
Relative	-2.7%	-30.6%	-50.0%
12M (H/L)	10.10/5.34		
3M Average Volume (th):	141.19		

Shareholder Data	
No. of Ord shares (mn):	53
Total no. of shares (mn):	53
Mkt Cap Ord (Eu mn):	327
Total Mkt Cap (Eu mn):	327
Mkt Float - Ord (Eu mn):	98
Mkt Float (in %):	30.0%
Main Shareholder:	
GC Holding S.p.A.	53.6%

Balance Sheet Data	
Book Value (Eu mn):	168
BVPS (Eu):	3.17
P/BV:	1.9
Net Financial Position (Eu mn):	3
Enterprise Value (Eu mn):	324

- **First quarter in line.** TISG released key metrics for the first quarter which came in substantially in line with our estimates both on the top line and profitability. Sales reached 96.8m, up by 1% YoY, with Shipbuilding at Eu91.4m, +4.5% YoY, and Refit at Eu5.4m, down by -40.6% YoY as expected, mainly due to progress on several ongoing projects with the majority of capacity at shipyards dedicated to them.
- **Profitability up YoY.** EBITDA was Eu16.7m, up by 4% YoY, with a margin on sales of 17.3% or c.+50bps vs. 18.8% last year, mainly thanks to the focus on operating cost management and improvements in production efficiency on top of the scale effect from high saturation of shipyards.
- **Backlog waiting to be fed.** The total value of the order book stood at Eu1.22bn compared to Eu1.24bn as at year-end 2024. Net backlog, the value of contracts for yachts not yet delivered net of revenues already booked, came in at Eu415m from Eu433m as at end-December 2024, or coverage to FY25 sales slightly short of 1x (on our expectations, in line with company's guidance). On top of this, we appreciate that net backlog should be less than 60% related to FY25 as it was close to this level at FY24 results and no significant new orders have been signed in the meantime.
- **NFP higher, in line with seasonality and work in progress.** Net debt stood at Eu33m vs. Eu12.5 as at end-December 2024, reflecting progress on ongoing work and a slight mismatch between instalments and work in progress. The NFP also includes the Eu7.5m discounted value of concession fees to the relevant Port Authorities.
- **Guidance confirmed.** The CEO confirmed that several discussions are ongoing at an advanced level. The success rate mentioned in the last conference call, i.e. 50% of c.Eu1bn negotiations was confirmed, meaning that from now on we should see c.Eu500m of incoming orders with upfront payments of c.10-15% and some additional instalments during FY25 for orders signed until August 2025. Based on this, management is reiterating the guidance previously provided of FY25 sales in the Eu410-430m range and the EBITDA margin at 17.5%/18%. During the conference call it also emerged that there had already been new orders in 1Q25 but with no clarity on the size and type. A number of deliveries are scheduled from May onwards.
- **Estimates unchanged.** We trimmed our expectations on the release of FY24 results. Based on confirm of guidance, we leave our current expectations unchanged. We must acknowledge that in the event of new contracts not arriving in 1H25, FY25 and FY26 estimates should be revised downwards.
- **BUY; target Eu11 (confirmed).** Thanks to its positioning among the leading players at the very top end of the yachting industry, its unique, all-round business and facilities, as well as the high visibility on prospects and cash generation confirmed in company targets, TISG looks very well placed to exploit the full potential of a steadily growing industry. We reiterate our recommendation and TP, with upside of c.50%+. We continue to believe the recent stock de-rating offers a clear buying opportunity pending more positive newsflow going forward on contracts.

Key Figures & Ratios	2023A	2024E	2025E	2026E	2027E
Sales (Eu mn)	364	404	421	460	493
EBITDA Adj (Eu mn)	62	70	75	85	93
Net Profit Adj (Eu mn)	37	34	44	53	61
EPS New Adj (Eu)	0.696	0.639	0.838	0.993	1.153
EPS Old Adj (Eu)	0.696	0.639	0.838	0.993	1.153
DPS (Eu)	0.272	0.370	0.320	0.419	0.497
EV/EBITDA Adj	6.4	6.9	4.3	3.6	2.6
EV/EBIT Adj	7.9	8.5	5.2	4.2	3.0
P/E Adj	8.9	9.6	7.4	6.2	5.4
Div. Yield	4.4%	6.0%	5.2%	6.8%	8.0%
Net Debt/EBITDA Adj	0.0	0.2	0.0	-0.3	-0.9

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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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX 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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