

THE ITALIAN SEA GROUP

BUY

Sector: Consumers

Price: Eu7.44 - Target: Eu12.50

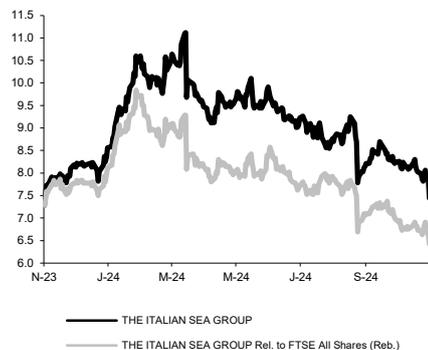
Positive 3Q24 Results. Awaiting 4Q Order Intake

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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	-9.6%	-15.1%	3.9%
Relative	-7.6%	-20.1%	-13.6%
12M (H/L)	11.12/7.28		
3M Average Volume (th):	79.66		

Shareholder Data

No. of Ord shares (mn):	53
Total no. of shares (mn):	53
Mkt Cap Ord (Eu mn):	394
Total Mkt Cap (Eu mn):	394
Mkt Float - Ord (Eu mn):	118
Mkt Float (in %):	30.0%
Main Shareholder:	
GC Holding S.p.A.	53.6%

Balance Sheet Data

Book Value (Eu mn):	154
BVPS (Eu):	2.91
P/BV:	2.6
Net Financial Position (Eu mn):	30
Enterprise Value (Eu mn):	365

Positive 3Q24 results, a touch below expectations due to phasing. Yesterday TISG released positive key 9M24 financial data that were slightly below our estimates (by c.3%). Results are positive and on track to meet FY24 guidance, albeit a touch below expectations due mainly to business phasing between 3Q and 4Q. The main focus remains the finalisation of new orders, which according to management - and in line with normal seasonality - should occur in the final months of the year/ very early in 2025, with at least ten negotiations at the final stages and likely to be signed. During 3Q the new order intake stood at c.Eu30m, bringing the net backlog to Eu533mn (Eu648mn in 9M23). As per the CEO's quote in the press release: we are working to finalise some important negotiations between the end of 2024 and the beginning of 2025, which will give us further momentum to consolidate the 2025 guidance. The success of the semi-custom lines also continues, including the Panorama project and the Admiral Quaranta project.

9M revenue growth with further margin expansion. Revenues stood at Eu292mn, up +11.4% YoY, with Shipbuilding at Eu257.3mn (+12.2% YoY) and Refit activities at Eu34.8mn (+5.8% YoY). EBITDA came to Eu50.1mn, growing faster than revenues at +16% YoY with a 17.2% margin on sales, +100bp YoY. The increase is attributable to cost management as well as greater production cost efficiency, as well as the benefits and synergies between refit and shipbuilding activities. As at 30 September the Order Book was Eu1,275mn with a net backlog of Eu533mn. The NFP improved to Eu19mn, with management indicating a positive cash position by year-end. In 9M24 the company paid Eu19.6mn in dividends, with Eu7.2mn of investments and positive income of Eu21mn from the sale of the Viareggio shipyard.

Guidance confirmed. Positive indications during the conference call, with the business progressing well and new products and designs well received by the target audience. About 10 contracts are currently under negotiation, with the CEO particularly confident of finalising them between the final months of this year or very early next year. FY24 guidance (revenues Eu400-Eu420mn; EBITDA margin 17%-17.5%) and the FY25 outlook (revenues Eu430-Eu450mn; EBITDA margin 18%-18.5%, neutral NFP) was confirmed.

Estimates unchanged. We are leaving our estimates unchanged in light of the company's confirmation of its guidance.

BUY; target Eu12.5 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. The clear prospect of exploiting further opportunities through the Perini Navi and Picchiotti brands, as well as new semi-custom projects, add further upside to the story. We reiterate our recommendation and TP, in the belief that the recent stock de-rating offers a clear buying opportunity.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	295	364	425	453	468
EBITDA Adj (Eu mn)	47	62	74	85	89
Net Profit Adj (Eu mn)	24	37	48	58	62
EPS New Adj (Eu)	0.454	0.696	0.898	1.093	1.169
EPS Old Adj (Eu)	0.454	0.696	0.898	1.093	1.169
DPS (Eu)	0.154	0.272	0.370	0.449	0.547
EV/EBITDA Adj	6.4	6.4	4.9	3.8	3.2
EV/EBIT Adj	8.1	7.9	5.8	4.3	3.5
P/E Adj	16.4	10.7	8.3	6.8	6.4
Div. Yield	2.1%	3.7%	5.0%	6.0%	7.3%
Net Debt/EBITDA Adj	0.2	0.0	-0.4	-0.9	-1.2

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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.

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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:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
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 (61 in total) is as follows:

BUY:	55.74 %
OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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