

THE ITALIAN SEA GROUP

BUY

Sector: Consumers

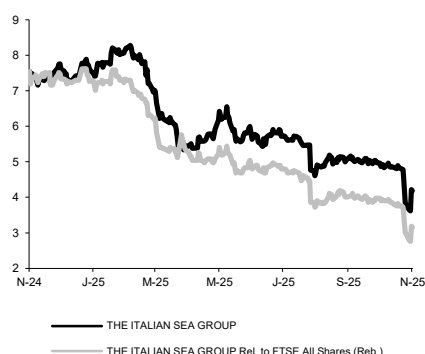
Price: Eu4.18 - Target: Eu9.00

Order Intake Resumes After a Long Lull. Unexpected Strength

Francesco Brilli +39-02-77115.439
francesco.brilli@intermonte.it
Andrea Randone: +39-02-77115.364
andrea.randone@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 11.00 to 9.00		
	2025E	2026E	2027E
Chg in Adj EPS	-48.3%	-48.7%	-45.8%

THE ITALIAN SEA GROUP - 12M Performance



Stock Data			
Reuters code:	TISGR.MI		
Bloomberg code:	TISG IM		
Performance	1M	3M	12M
Absolute	-15.6%	-11.1%	-44.6%
Relative	-21.4%	-17.1%	-76.8%
12M (H/L)	8.28/3.62		
3M Average Volume (th):	155.16		

Shareholder Data	
No. of Ord shares (mn):	53
Total no. of shares (mn):	53
Mkt Cap Ord (Eu mn):	222
Total Mkt Cap (Eu mn):	222
Mkt Float - Ord (Eu mn):	67
Mkt Float (in %):	30.0%
Main Shareholder:	
GC Holding S.p.A.	53.6%

Balance Sheet Data	
Book Value (Eu mn):	149
BVPS (Eu):	2.81
P/BV:	1.5
Net Financial Position (Eu mn):	-59
Enterprise Value (Eu mn):	280

After the release of 3Q25 results, we are reviewing and updating our model to incorporate the new indications and revised assumptions. We were relieved by the announcement of a new order intake of Eu105mn, after a prolonged period of muted commercial activity. Concerns on the sustainability and resilience of the business had been mounting in recent months, although we always retained some confidence in the intrinsic quality of TISG's products and manufacturing capabilities — which we also had the opportunity to witness first-hand this year at the latest Monaco Yacht Show.

The solidity of the recent order intake and the ability of the sales team to maintain a steady commercial pace will need to be tested over the coming months. However, confirmation of this year's guidance and management's cautious optimism for next year suggest that confidence in the company's ability to secure further contracts has improved meaningfully.

- **Weak operating results, but long-awaited orders finally arrive.** 9M25 results confirm a soft operating phase, with both revenues and profitability declining YoY and working capital absorption burdening the balance sheet. However, the quarter brought a long-awaited surprise: **new orders worth Eu105mn**, after a prolonged period of commercial stagnation. This unexpected inflow - undisclosed ahead of the release - marks the first tangible sign that client activity is resuming, ending a long phase of uncertainty that had deeply affected sentiment on the stock. The total order book now stands at Eu1.15bn, with a net backlog of Eu416mn.
- **Guidance confirmed, constructive outlook.** Management reiterated FY25 guidance (revenues Eu350-370mn; EBITDA% 16.5-17%) supported by good visibility on ongoing negotiations and the Eu105mn of new orders signed in 3Q. Additional contracts are expected by year-end, though the tone remains cautious given geopolitical uncertainty. WC should normalise by December, aided by collections and improved financing terms.
- **Change in estimates.** We are updating our model to factor in the confirmed guidance, which was revised downwards with 1H results. This results in a significant change in estimates but, if supported by order intake progression, our current assumptions should incorporate a certain degree of caution.
- **BUY; target Eu9 (from Eu11).** Thanks to its positioning among the leading players at the very top end of the yachting industry, its unique, all-round business model and its integrated facilities, TISG remains well placed to exploit the long-term potential of a steadily-expanding market. While 9M results underline operational softness, the return of sizeable order intake after a long pause represents a meaningful turning point, restoring at least partial confidence in the Group's commercial traction and supporting the sustainability of current guidance. We reiterate our positive view on the stock, although we are cutting our Target Price to Eu9.00 (from Eu11.00) following a broad revision of our estimates across the P&L and balance sheet, and an update of key DCF assumptions: we now incorporate a risk-free rate of 3.5% (from 4.0%), a long-term growth rate of 2%, and an updated 5-year beta of 0.85 (previously 1.12). Despite the more conservative valuation, there remains material implied upside and we still believe the recent stock de-rating offers an opportunity pending additional news on new contracts.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	363	405	349	356	383
EBITDA Adj (Eu mn)	61	70	57	58	65
Net Profit Adj (Eu mn)	37	32	23	27	33
EPS New Adj (Eu)	0.692	0.610	0.433	0.509	0.625
EPS Old Adj (Eu)	0.696	0.639	0.838	0.993	1.153
DPS (Eu)	0.272	0.370	0.245	0.217	0.255
EV/EBITDA Adj	6.5	7.0	4.9	4.7	3.8
EV/EBIT Adj	8.2	8.5	5.8	5.4	4.4
P/E Adj	6.0	6.9	9.7	8.2	6.7
Div. Yield	6.5%	8.8%	5.9%	5.2%	6.1%
Net Debt/EBITDA Adj	0.0	0.2	1.0	0.9	0.4

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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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 14 November 2025 Intermonte's Research Department covered 131 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.06%
OUTPERFORM:	38.93%
NEUTRAL:	28.25%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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