Milan, 17 March 2025

Italian Equity Research – FY24 Results

THE ITALIAN SEA GROUP

BUY

Sector: Consumers

Price: Eu6.66 - **Target: Eu11.00**

Solid F24. Guidance Trimmed Awaiting Order Intake

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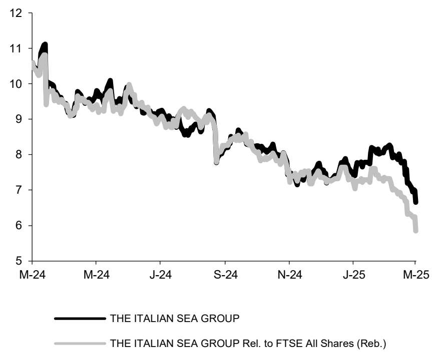
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 11.50 to 11.00
	2024E	**2025E**	**2026E**
Chg in Adj EPS	-7.3%	-8.0%	-4.5%

THE ITALIAN SEA GROUP - 12M Performance



Stock Data			
Reuters code:			TISGR.MI
Bloomberg code:			TISG IM
Performance	**1M**	**3M**	**12M**
Absolute	-18.8%	-12.4%	-37.2%
Relative	-20.4%	-22.6%	-51.1%
12M (H/L)			11.12/6.66
3M Average Volume (th):			95.33

Shareholder Data	
No. of Ord shares (mn):	53
Total no. of shares (mn):	53
Mkt Cap Ord (Eu mn):	353
Total Mkt Cap (Eu mn):	353
Mkt Float - Ord (Eu mn):	106
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:	2.1
Net Financial Position (Eu mn):	3
Enterprise Value (Eu mn):	350

- **FY24 still robust.** On Friday afternoon TISG released FY24 results that were a touch below our expectations on the top line, but with profitability in line. Revenues stood at Eu404.4mn. again posting double-digit growth of +11% YoY thanks to a 9.9% YoY increase in 4Q to Eu112.4mn. EBITDA was Eu70.3mn, bang in line with our estimate with a 17.4% margin, +20bp vs. our estimate. Net income came in at Eu33.9mn, -8% YoY, hit by Eu24mn of extraordinary taxes for the period (Eu8.3mn last year) due to a non-recurring effect that emerged from the restatement of patent box tax benefits for 2009-2023. Net debt was Eu12.5mn (net cash of Eu1.5mn last year) mainly due to the phasing of payments across the end of the year. Net backlog stood at Eu433mn (Eu609mn last year) with the gross backlog at Eu1.2bn.
- **Trimming guidance awaiting updates.** As we highlighted in our preview, focus remains on the order intake, which at the moment needs to be fed with additional contracts. In light of the timing of new orders the company decided to trim the outstanding guidance, now indicating revenues between Eu410-430mn and an EBITDA margin of 17.5-18%, vs. Eu430-Eu450mn and 18%-18.5% previously. This is a direct consequence of a more cautious approach in terms of the timing of new contracts. According to management, c.Eu1bn of negotiations are ongoing, and based on the track record it is reasonable to expect at least a 50% success rate. Some discussions should be at the very end of the process, with good chances of positive newsflow arising soon. The current backlog along with upfront payments on new potential contracts signed together with refit and Lamborghini contracts should allow the company to meet FY25 guidance, in our opinion.
- **Estimates revision.** As we did in our preview, we are again trimming our expectations following a more cautious stance from the company pending news on new contracts. Our figures are at the guidance mid-point, acknowledging that should if contracts are signed estimates could be revised upwards.
- **BUY confirmed; target Eu11 (from Eu11.5).** 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 with a new TP at Eu11 following changes to our estimates, with upside of c.50%+. We continue to believe the recent stock de-rating offers a clear buying opportunity pending more positive newsflow on contracts.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	295	364	404	421	460
EBITDA Adj (Eu mn)	47	62	70	75	85
Net Profit Adj (Eu mn)	24	37	34	44	53
EPS New Adj (Eu)	0.454	0.696	0.639	0.838	0.993
EPS Old Adj (Eu)	0.454	0.696	0.690	0.910	1.040
DPS (Eu)	0.154	0.272	0.370	0.320	0.419
EV/EBITDA Adj	5.5	6.4	6.9	4.7	3.9
EV/EBIT Adj	7.0	7.9	8.5	5.7	4.6
P/E Adj	14.7	9.6	10.4	7.9	6.7
Div. Yield	2.3%	4.1%	5.6%	4.8%	6.3%
Net Debt/EBITDA Adj	-0.6	0.0	0.2	0.0	-0.3

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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)

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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.

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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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As at 31 December 2024 Intermonte's Research Department covered 132 companies.

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BUY:	30.60 %
OUTPERFORM:	43.28 %
NEUTRAL:	26.12 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

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NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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