

SERI INDUSTRIAL

NEUTRAL

Sector: Industrials

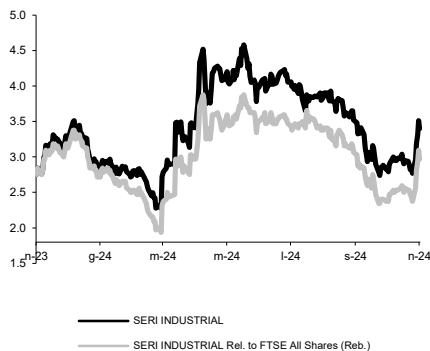
Price: Eu3.40 – Target: Eu3.50

A Step Back to Reflect Increasing Complexity

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Stock Rating			
Rating:	from BUY to NEUTRAL		
Target Price (Eu):	from 7.20 to 3.50		
	2024E	2025E	2026E
Chg in Adj EPS	n.m.	n.m.	n.m.

SERI INDUSTRIAL - 12M Performance



Stock Data			
Reuters code:	SERK.MI		
Bloomberg code:	SERI IM		
Performance	1M	3M	12M
Absolute	20.6%	-11.5%	23.6%
Relative	23.9%	-12.0%	9.0%
12M (H/L)	4.58/2.27		
3M Average Volume (th):	183.64		

Shareholder Data	
No. of Ord shares (mn):	54
Total no. of shares (mn):	54
Mkt Cap Ord (Eu mn):	184
Total Mkt Cap (Eu mn):	184
Mkt Float - Ord (Eu mn):	66
Mkt Float (in %):	36.2%
Main Shareholder:	
Civitillo Family	56.4%

Balance Sheet Data	
Book Value (Eu mn):	102
BVPS (Eu):	1.88
P/BV:	1.8
Net Financial Position (Eu mn):	-119
Enterprise Value (Eu mn):	303

We viewed SERI as a player set to benefit from the green transition, with significant value to be unlocked from the successful execution of its T1 and, above all, T2 projects. Although the long-term opportunity remains, we downgrade the stock to NEUTRAL on a deterioration of the battery market and the complications brought by the acquisition of IIA. In particular, we see several drawbacks to the deal, which will put further strain on execution of SERI's industrial plan in terms of both focus and finances. We move the TP to €3.5 from €7.2 to reflect the inclusion of IIA in our forecast (even if it significantly improves in the next few years, we expect it to remain in the red) and lower forecasts at T1. We make no adjustment to T2 projections, although progress appears to be falling behind schedule, in our view, and still does not include P2P.

- **1H24 results OK...** SERI reported 1H24 results in line with expectations, with slightly lower revenue (+1% YoY vs +6% exp.) on lower T1 sales, but higher EBITDA (€9.2mn vs 7.1 exp.). Net debt increased more than expected (€83mn vs 79 exp.) on worse NWC.
- **...but 2H not achievable.** Despite the business as-is substantially on track, 2H estimates look hard to achieve, as the market for lithium batteries has deteriorated markedly. The removal of the 110% Superbonus and aggressive commercial policies by Chinese players are to blame for lower-than-previously-assumed sales for T1 (€7mn vs 60 prev.).
- **Acquisition of IIA...** Last July, SERI announced the closing of the acquisition from Invitalia and Leonardo of 98% of Industria Italiana Autobus (IIA), which makes multi-energy buses under the Menarini brand at two plants in Italy. However, IIA is encountering operational and financial difficulties (FY23: revenues, operating loss and net loss of €57mn, 56 and 63 respectively). The rationale is to vertically integrate the business by putting lithium cells into vehicles manufactured by Menarini. IIA was purchased for free by SERI, which will invest €50mn in an investment plan, and neutral NFP at YE24.
- **...has several drawbacks.** We understand the turnaround foresees a restructuring program and a commercial relaunch including through help from a Chinese partner (identity still unknown). Although we get management's view, we believe the deal has several drawbacks: i) IIA has a long-standing negative track-record; ii) SERI has no experience in bus manufacturing, narrowing the scope for synergies, while specific batteries are still in development; iii) although the asset should come with a neutral NFP as at YE24, the turnaround will put further strain on execution of SERI's industrial plan; iv) players operating in the field have much larger scale, portfolio, and reach but their operating profitability is MSD and they trade at MSD multiples.
- **Update on FCT, T2 and P2P.** Last week, SERI signed a framework agreement with FCT for the supply of battery modules to be installed on next-gen submarines. Contract is worth €101mn over 4 years (i.e. €25mn/year) providing some visibility to T1 revenues for which we assume €39mn and €87mn in 2025 and 2026 respectively. On T2, we note the total spend on the project is €35mn (mostly OpEx) out of the ~€500mn covered by grants. The revolving line to support the CapEx plan in anticipation of grants has yet to be finalized. Overall, the project appears behind schedule: SERI targets production in 2026; our forecast is 2027. SERI also recently signed an accord with Eni to make lithium batteries at Eni's Brindisi plant, but no more details are available at this stage. On P2P, the company recently confirmed its willingness to start the investment plan, although we still do not include any benefit from that pending developments which also rely on government grants.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	204	200	222	295	357
EBITDA Adj (Eu mn)	17	23	2	5	29
Net Profit Adj (Eu mn)	-3	-5	-29	-32	-14
EPS New Adj (Eu)	-0.069	-0.094	-0.535	-0.597	-0.263
EPS Old Adj (Eu)	-0.069	-0.094	-0.535	-0.597	-0.258
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	25.9	13.5	nm	nm	14.8
EV/EBIT Adj	nm	nm	nm	nm	nm
P/E Adj	nm	nm	nm	nm	nm
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	6.0	2.9	55.7	34.7	8.4

SERI INDUSTRIAL – Key Figures

Profit & Loss (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	177	204	200	222	295	357
EBITDA	20	18	18	2	5	29
EBIT	-2	-4	-11	-30	-33	-8
Financial Income (charges)	-4	-6	-7	-9	-11	-11
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	-6	-10	-18	-40	-44	-19
Taxes	3	6	6	11	12	5
Tax rate	53.9%	55.3%	36.5%	27.0%	27.0%	27.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	-3	-4	-11	-29	-32	-14
EBITDA Adj	21	17	23	2	5	29
EBIT Adj	-1	-5	-5	-30	-33	-8
Net Profit Adj	0	-3	-5	-29	-32	-14
Per Share Data (Eu)	2021A	2022A	2023A	2024E	2025E	2026E
Total Shares Outstanding (mn) - Average	48	49	54	54	54	54
Total Shares Outstanding (mn) - Year End	48	49	54	54	54	54
EPS f.d	-0.057	-0.091	-0.208	-0.535	-0.597	-0.263
EPS Adj f.d	0.010	-0.069	-0.094	-0.535	-0.597	-0.263
BVPS f.d	2.505	2.925	2.415	1.880	1.283	1.020
Dividend per Share ORD	0.000	0.000	0.000	0.000	0.000	0.000
Dividend per Share SAV						
Dividend Payout Ratio (%)						
Cash Flow (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Gross Cash Flow	20	17	18	4	6	23
Change in NWC	-7	-15	61	28	80	124
Capital Expenditure	-25	-31	-37	-85	-145	-208
Other Cash Items	2	-3	-3	0	0	0
Free Cash Flow (FCF)	-13	-29	41	-54	-60	-61
Acquisitions, Divestments & Other Items	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Equity Financing/Buy-back	8	26	0	0	0	0
Change in Net Financial Position	-2	-6	38	-54	-60	-61
Balance Sheet (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Total Fixed Assets	192	202	218	270	377	548
Net Working Capital	59	75	86	58	-21	-145
Long term Liabilities	33	29	108	108	108	108
Net Capital Employed	219	248	196	221	248	295
Net Cash (Debt)	-98	-104	-66	-119	-179	-240
Group Equity	121	144	130	101	69	55
Minorities	0	0	-0	-0	-0	-0
Net Equity	121	143	130	102	69	55
Enterprise Value (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Average Mkt Cap	350	344	244	184	184	184
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-98	-104	-66	-119	-179	-240
Enterprise Value	448	448	310	303	363	423
Ratios (%)	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA Adj Margin	11.6%	8.5%	11.4%	1.0%	1.8%	8.0%
EBIT Adj Margin	nm	nm	nm	nm	nm	nm
Gearing - Debt/Equity	81.1%	72.7%	50.5%	117.7%	nm	nm
Interest Cover on EBIT	nm	nm	nm	nm	nm	nm
Net Debt/EBITDA Adj	4.8	6.0	2.9	55.7	34.7	8.4
ROACE*	-1.0%	-1.8%	-5.0%	-14.6%	-14.2%	-3.1%
ROE*	0.4%	-2.6%	-3.7%	-24.9%	-37.7%	-22.8%
EV/CE	2.1	1.9	1.4	1.5	1.5	1.6
EV/Sales	2.5	2.2	1.5	1.4	1.2	1.2
EV/EBITDA Adj	21.8	25.9	13.5	nm	nm	14.8
EV/EBIT Adj	nm	nm	nm	nm	nm	nm
Free Cash Flow Yield	-7.0%	-15.7%	22.4%	-29.2%	-32.5%	-33.1%
Growth Rates (%)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	32.2%	15.2%	-2.0%	10.9%	32.7%	21.3%
EBITDA Adj	316.3%	-15.7%	32.4%	-90.6%	140.9%	454.1%
EBIT Adj	nm	nm	nm	nm	nm	nm
Net Profit Adj	nm	nm	nm	nm	nm	nm
EPS Adj	nm	nm	nm	nm	nm	nm
DPS						

*Excluding extraordinary items

Source: Intermonte SIM estimates

1H24 results

Revenues and adj. EBITDA by division, income statement and cash flow

	1H23A	2H23A	2023A	1H24A	2H24E	2024E	1H24E	A/E %	A - E
Batteries	35.0	55.2	90.1	43.4	41.6	85.0	45.8	-5%	-2.4
<i>o/w Lead-acid</i>	35.0	44.2	79.1	39.6	38.2	77.8	35.8	+11%	3.8
<i>o/w Teverola 1*</i>	0.0	11.0	11.0	3.8	3.4	7.2	10.0	-62%	-6.2
Plastic Materials	59.6	51.8	111.4	51.6	50.6	102.2	54.1	-5%	-2.5
Corp., Other & Elim.	-0.9	-0.5	-1.5	-0.7	-1.2	-1.9	-0.9	-20%	0.2
Sustainable mobility	0.0	0.0	0.0	0.0	36.7	36.7	0.0	+0%	0.0
Revenues	93.6	106.4	200.1	94.2	127.7	221.9	98.9	-5%	-4.7
Batteries	-11%	+24%	+8%	+24%	-25%	-6%	+31%		
<i>o/w Lead-acid</i>	-11%	-0%	-6%	+13%	-13%	-2%	+2%		
<i>o/w Teverola 1*</i>	+0%	+0%	n.m.	+0%	-69%	-35%			
Plastic Materials	-5%	-12%	-9%	-13%	-2%	-8%	-9%		
Corp., Other & Elim.	+13%	-29%	-7%	-20%	+114%	+29%	+0%		
Sustainable mobility	+0%	+0%	+0%	+0%	+0%	+0%			
Group revenue	-8%	+4%	-2%	+1%	+20%	+11%	+6%		
Batteries	3.4	11.2	14.6	6.4	6.1	12.5	4.3	+49%	
<i>o/w Lead-acid</i>	3.4	8.2	11.6	6.4	5.2	11.7	2.5	+156%	
<i>o/w Teverola 1*</i>	0.0	3.0	3.0	0.0	0.9	0.9	1.8	-100%	
Plastic Materials	3.9	5.0	8.9	3.3	3.9	7.2	3.2	+1%	
Corp., Other & Elim.	-0.1	-0.5	-0.6	-0.5	-0.6	-1.0	-0.5	+3%	
Sustainable mobility	0.0	0.0	0.0	0.0	-16.5	-16.5		+0%	
Adj. EBITDA	7.2	15.7	22.9	9.2	-7.1	2.1	7.1	+30%	
Batteries	9.8%	20.3%	16.2%	14.8%	14.7%	14.7%	7.0%		
<i>o/w Lead-acid</i>	9.8%	18.6%	14.7%	16.2%	13.7%	15.0%	7.0%		
<i>o/w Teverola 1*</i>	0.0%	27.3%	27.3%	0.0%	25.4%	12.0%	18.0%		
Plastic Materials	6.5%	9.7%	8.0%	6.3%	7.7%	7.0%	6.0%		
Corp., Other & Elim.	12.6%	95.5%	42.9%	63.9%	48.2%	54.4%	49.2%		
Sustainable mobility	0.0%	0.0%	0.0%	0.0%	-45.0%	-45.0%	0.0%		
Adj. EBITDA	7.6%	14.8%	11.4%	9.8%	-5.5%	1.0%	7.2%		
Revenues	93.6	106.4	200.1	94.2	127.7	221.9	98.9	+8%	
YoY growth	-8%	+4%	-2%	+1%	+20%	+11%	+6%		
- Operating costs	-86.8	-95.7	-182.5	-84.8	-135.0	-219.8	-91.8		
+ Non-recurring	0.3	5.0	5.3	-0.2	0.2	0.0	0.0		
Adj. EBITDA	7.2	15.7	22.9	9.2	-7.1	2.1	7.1	+122%	
YoY growth	-21%	+92%	+32%	+29%	-145%	-91%	-1%		
Adj. EBITDA margin %	7.6%	14.8%	11.4%	9.8%	-5.5%	1.0%	7.2%		
- D&A (only recurring)	-13.3	-14.4	-27.7	-14.6	-18.0	-32.6	-13.1		
Adj. EBIT	-6.1	1.3	-4.8	-5.3	-25.1	-30.4	-6.0	n.m.	
YoY growth	+257%	-147%	+6%	-13%	-1985%	+535%	-2%		
Adj. EBIT margin %	-6.5%	1.3%	-2.4%	-5.7%	-19.6%	-13.7%	-6.1%		
- Non-recurring (incl. D&A)	-0.6	-5.9	-6.4	0.2	-0.2	0.0	0.0		
-/+ Net fin. exp./inc.	-3.0	-3.5	-6.5	-3.9	-5.2	-9.1	-4.5		
Pre-tax income	-9.7	-8.0	-17.7	-9.1	-30.5	-39.5	-10.5	n.m.	
Tax rate %	27.4%	47.5%	36.5%	37.0%	24.0%	27.0%	23.8%		
- Tax income	2.7	3.8	6.5	3.4	7.3	10.7	2.5		
Net income	-7.0	-4.2	-11.2	-5.7	-23.2	-28.9	-8.0	n.m.	
YoY growth	+36%	-659%	+153%	-19%	+451%	+157%	+14%		
Net income margin %	-7.5%	-3.9%	-5.6%	-6.1%	-18.1%	-13.0%	-8.1%		
Cash flow from operations	-18.0	96.4	78.4	-0.3	31.7	31.4	10.5		
Capex	-7.1	-30.2	-37.3	-20.1	-64.8	-84.9	-23.0		
FCF	-25.1	66.1	41.1	-20.4	-33.1	-53.5	-12.5		
Net debt/(cash)	130.1	65.9	65.9	83.3	119.4	119.4	79.3		
Net debt/EBITDA	8.5x	4.2x	2.9x	3.3x	-16.9x	55.7x	3.1x		

Source: Company data & Intermonte SIM Estimates

Change in estimates

Change in estimates

	New			Old			Δ %		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenues	221.9	294.6	357.4	251.8	318.1	351.9	-12%	-7%	+2%
YoY growth	+11%	+33%	+21%	+26%	+26%	+11%			
Adj. EBITDA	2.1	5.2	28.6	31.0	50.5	58.9	-93%	-90%	-51%
YoY growth	-91%	+141%	+454%	+20%	+63%	+17%			
Adj. EBITDA margin %	1.0%	1.8%	8.0%	12.3%	15.9%	16.8%			
Adj. EBIT	-30.4	-33.3	-8.4	4.6	24.1	32.2	n.m.	n.m.	n.m.
YoY growth	+535%	+9%	-75%	-357%	+423%	+34%			
Adj. EBIT margin %	-13.7%	-11.3%	-2.3%	1.8%	7.6%	9.2%			
Adj. EPS	-0.53	-0.60	-0.26	-0.02	0.23	0.34	n.m.	n.m.	n.m.
YoY growth	+467%	+12%	-56%	-54%	-1391%	+50%			
Net debt/(cash)	119.4	179.1	239.9	90.2	121.6	145.2	+32%	+47%	+65%
Net debt/EBITDA	55.7x	34.7x	8.4x	2.9x	2.4x	2.5x			

Source: Intermonte SIM

Change in estimates by division

	New			Old			Δ %		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Batteries	85.0	118.2	167.1	140.2	203.4	233.9	-39%	-42%	-29%
o/w Lead-acid	77.8	79.3	79.8	80.2	81.9	82.5	-3%	-3%	-3%
o/w Teverola 1	7.2	38.9	87.2	60.0	121.5	151.5	-88%	-68%	-42%
Plastic Materials	102.2	105.0	107.9	113.5	116.6	119.8	-10%	-10%	-10%
Corp., Other & Elim.	-1.9	-1.9	-1.9	-1.9	-1.9	-1.9	0%	0%	0%
Sustainable mobility	36.7	73.4	84.4	0.0	0.0	0.0	nm	nm	nm
Revenues	221.9	294.6	357.4	251.8	318.1	351.9	-12%	-7%	2%
Batteries	12.5	16.1	27.8	22.4	41.0	48.6	-44%	-61%	-43%
o/w Lead-acid	11.7	10.3	10.4	10.4	10.6	10.7	12%	-3%	-3%
o/w Teverola 1	0.9	5.8	17.4	12.0	30.4	37.9	-93%	-81%	-54%
Plastic Materials	7.2	8.4	10.2	9.6	10.5	11.4	-26%	-20%	-10%
Corp., Other & Elim.	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	0%	0%	0%
Sustainable mobility	-16.5	-18.3	-8.4	0.0	0.0	0.0	nm	nm	nm
Adj. EBITDA	2.1	5.2	28.6	31.0	50.5	58.9	-93%	-90%	-51%
Batteries	14.7%	13.7%	16.7%	16.0%	20.2%	20.8%	-1.2%	-6.5%	-4.1%
o/w Lead-acid	15.0%	13.0%	13.0%	13.0%	13.0%	13.0%	2.0%	0.0%	0.0%
o/w Teverola 1	12.0%	15.0%	20.0%	20.0%	25.0%	25.0%	-8.0%	-10.0%	-5.0%
Plastic Materials	7.0%	8.0%	9.5%	8.5%	9.0%	9.5%	-1.5%	-1.0%	0.0%
Corp., Other & Elim.	54.4%	54.4%	54.4%	54.4%	54.4%	54.4%	0.0%	0.0%	0.0%
Sustainable mobility	-45.0%	-25.0%	-10.0%	0.0%	0.0%	0.0%	-45.0%	-25.0%	-10.0%
Adj. EBITDA margin %	1.0%	1.8%	8.0%	12.3%	15.9%	16.8%	-11.4%	-14.1%	-8.7%

Source: Intermonte SIM

Financials

Income statement, balance sheet, cash flow and key financial ratios

Income statement	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Revenues	156.5	134.0	177.1	204.1	200.1	221.9	294.6	357.4
YoY growth	+17%	-14%	+32%	+15%	-2%	+11%	+33%	+21%
- Operating costs	-137.1	-131.7	-157.0	-186.4	-182.5	-219.8	-289.4	-328.8
+ Non-recurring	2.7	2.6	0.4	-0.5	5.3	0.0	0.0	0.0
Adj. EBITDA	22.1	4.9	20.5	17.3	22.9	2.1	5.2	28.6
YoY growth	+44%	-78%	+316%	-16%	+32%	-91%	+141%	+454%
Adj. EBITDA margin %	14.1%	3.7%	11.6%	8.5%	11.4%	1.0%	1.8%	8.0%
- D&A (only recurring)	-11.6	-11.2	-21.7	-21.8	-27.7	-32.6	-38.5	-37.0
Adj. EBIT	10.4	-6.2	-1.2	-4.5	-4.8	-30.4	-33.3	-8.4
YoY growth	+370%	-160%	-80%	+272%	+6%	+535%	+9%	-75%
Adj. EBIT margin %	6.7%	-4.7%	-0.7%	-2.2%	-2.4%	-13.7%	-11.3%	-2.3%
- Non-recurring (incl. D&A)	-3.7	-5.2	-0.9	0.5	-6.4	0.0	0.0	0.0
-/+ Net fin. exp./inc.	-3.4	-3.7	-3.8	-5.9	-6.5	-9.1	-10.8	-11.1
Pre-tax income	3.3	-15.2	-6.0	-9.9	-17.7	-39.5	-44.1	-19.5
Tax rate %	43.4%	69.8%	53.9%	55.3%	36.5%	27.0%	27.0%	27.0%
- Tax income	-1.4	10.6	3.2	5.5	6.5	10.7	11.9	5.3
Net income	1.9	-4.6	-2.8	-4.4	-11.2	-28.9	-32.2	-14.2
YoY growth	-65%	-348%	-40%	+61%	+153%	+157%	+12%	-56%
Net income margin %	1.2%	-3.4%	-1.6%	-2.2%	-5.6%	-13.0%	-10.9%	-4.0%
- Minorities	-0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Net income to shareholders	1.5	-4.4	-2.8	-4.4	-11.2	-28.9	-32.2	-14.2
Adj. EPS	0.11	-0.16	0.01	-0.07	-0.09	-0.53	-0.60	-0.26
YoY growth	-317%	-253%	-106%	-818%	+37%	+467%	+12%	-56%

Condensed balance sheet	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Trade net working capital	53.9	49.8	52.7	61.5	69.3	72.4	88.3	107.1
Other current assets/(liab.)	-14.4	5.8	6.6	13.3	16.6	-14.2	-109.6	-252.6
Working capital	39.5	55.6	59.3	74.8	85.9	58.3	-21.3	-145.4
Net fixed assets	163.6	183.8	192.3	202.0	217.9	270.2	377.2	547.9
Long-term liabilities	-14.0	-29.5	-32.7	-28.9	-107.6	-107.6	-107.6	-107.6
Total fixed asset	149.7	154.3	159.6	173.1	110.3	162.6	269.6	440.3
Invested capital	189.2	209.9	219.0	247.8	196.2	220.9	248.3	294.9
Net debt/(cash)	69.0	96.0	98.0	104.3	65.9	119.4	179.1	239.9
Equity	118.4	113.6	120.5	143.5	130.5	101.6	69.4	55.2
Minorities	1.8	0.4	0.4	0.0	-0.1	-0.1	-0.1	-0.1
Total sources	189.2	209.9	219.0	247.8	196.2	220.9	248.3	294.9

Cash flow statement	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Net Income	1.9	-4.6	-2.8	-4.4	-11.2	-28.9	-32.2	-14.2
D&A	-19.4	13.8	22.3	21.8	28.8	32.6	38.5	37.0
Change in WC & Others	42.4	-8.4	-7.3	-15.4	60.8	27.7	79.6	124.1
Cash flow from operations	24.9	0.8	12.2	1.9	78.4	31.4	85.8	146.9
Capex	-38.7	-23.3	-25.0	-30.7	-37.3	-84.9	-145.5	-207.7
FCF	-13.8	-22.5	-12.8	-28.7	41.1	-53.5	-59.7	-60.8
Acquisitions	-7.9	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Div., buyb. & eq. fin.	-1.6	0.0	8.5	25.9	0.0	0.0	0.0	0.0
Others (incl. IFRS 16)	5.2	-5.1	2.3	-3.4	-2.7	0.0	0.0	0.0
Change in NFP	-18.1	-26.9	-2.0	-6.3	38.4	-53.5	-59.7	-60.8

Ratios	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
NWC/Sales %	25%	42%	33%	37%	43%	26%	-7%	-41%
Capex/Sales %	24.7%	17.4%	14.1%	15.0%	18.6%	38.2%	49.4%	58.1%
Net debt/EBITDA	3.1x	19.5x	4.8x	6.0x	2.9x	55.7x	34.7x	8.4x
ROCE %	5.5%	-3.0%	-0.6%	-1.8%	-2.4%	-13.8%	-13.4%	-2.8%
ROE %	4.3%	-6.8%	0.4%	-2.3%	-3.9%	-28.4%	-46.4%	-25.8%

Source: Company data & Intermonte SIM Estimates

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	SERI INDUSTRIAL		
Current Recomm:	NEUTRAL	Previous Recomm:	BUY
Current Target (Eu):	3.50	Previous Target (Eu):	7.20
Current Price (Eu):	3.40	Previous Price (Eu):	3.13
Date of report:	25/11/2024	Date of last report:	17/04/2024

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- 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.

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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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OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
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Emittente	%	Long/Short
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