

SERI INDUSTRIAL

BUY

Sector: Industrials

Price: Eu3.13 - Target: Eu7.20

2024 Another Busy Year Ahead

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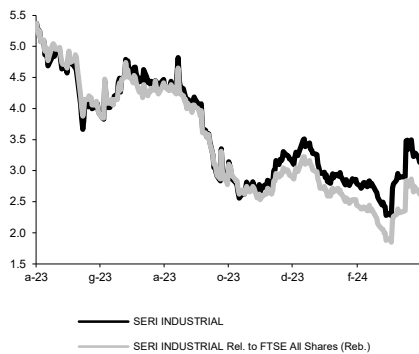
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 7.00 to 7.20		
	2024E	2025E	2026E
Chg in Adj EPS	n.m.	-3.8%	

Next Event

 1Q24 Revenue out 30th of April

SERI INDUSTRIAL - 12M Performance



Stock Data

Reuters code:	SERK.MI
Bloomberg code:	SERI IM

Performance	1M	3M	12M
Absolute	37.5%	5.4%	-42.3%
Relative	39.1%	-4.1%	-60.4%
12M (H/L)		5.37/2.27	
3M Average Volume (th):		216.26	

Shareholder Data

No. of Ord shares (mn):	54
Total no. of shares (mn):	54
Mkt Cap Ord (Eu mn):	169
Total Mkt Cap (Eu mn):	169
Mkt Float - Ord (Eu mn):	61
Mkt Float (in %):	36.2%
Main Shareholder:	
Civitillo Family	56.4%

Balance Sheet Data

Book Value (Eu mn):	129
BVPS (Eu):	2.40
P/BV:	1.3
Net Financial Position (Eu mn):	-90
Enterprise Value (Eu mn):	259

■ **2H23 results: better EBITDA, but worse net debt.** SERI reported higher-than-expected 2H23 results thanks to higher sales at T1 and stronger profitability for Lead-Acid Batteries. Revenues were €104mn, +2% YoY (vs our €107mn, FY23: €200mn) amid higher sales of Lithium Batteries from the T1 plant (€11mn vs our €7mn), but lower Plastic Materials (€52mn vs our €58mn). Adj. EBITDA was €15.7mn (vs our €9.3mn; FY23: €22.9mn) with the group margin at 15.1% (vs our 8.7%) thanks to the contribution of T1, also as scrap costs of sold production were accounted as R&D (i.e. capitalised), and lower costs per unit for lead acid batteries (19.6% margin vs our 10.7%). Net debt (incl. IFRS 16) came to €67mn, improving from €104mn in YE22 thanks to €83mn of advance payment of public grants for T2, though lower than our €33mn due to higher CapEx and lower NWC inflow (linked to cash in of T2 grants envisaged for 2024).

■ **T1 update: problems solved with upgrade awaited in 2H to unlock full capacity.** The T1 lithium battery plant is fully operational as product and process problems encountered in 2023 have been solved, partly thanks to work by the new technical and managerial structure. However, the plant is still constrained by a bottleneck in the cell formation department that should be solved by planned upgrades in 2H. Hence, management expects sales of 60% of production capacity in 2024, above our estimate (180 MWh vs our ~120 or 40% saturation). We welcome the update from SERI, but we confirm our forecast as 1Q and 2Q are envisaged remaining below the target for the year and upgrades are needed to reach full capacity. Overall, we slightly raise revenues (€60mn vs €55mn prev.), based on a higher ASP, and confirm the adj. EBIT forecast as higher D&A offset higher adj. EBITDA.

■ **T2 plant update.** The most notable update on the T2 project was publication of the supplementary decree, so the remaining €89mn to which SERI is entitled is now available. The total grant for the IPCEI Battery 1 was €505mn and in March 22 the first concession decree was issued for €417mn. 2024 will be an important year for the project as significant progress on the CapEx plan is expected, with orders to suppliers to be finalized (~€90mn). We confirm our assumptions on the project, which prompt us to value T2 at €4.1 per share (see previous notes for details).

■ **Change in estimates.** Overall, we are fine-tuning our EPS estimates, as higher EBITDA estimates for the T1 project are offset by higher D&A due to increased CapEx (incl. capitalization of costs).

■ **BUY, TP €7.2.** 2023 was a year of progress for SERI: production of lithium batteries at T1 started; the problems that emerged and stopped initial targets being achieved seem to have been solved; the last part of T2 grants were unlocked; the as-is business obtained better-than-expected results. In 2024, we expect another step forward, although we are conscious that the overall situation is still in a state of flux. Key priorities are: scaling up production and reaching full capacity for T1, and beginning the investment phase for T2. Also in light of the upside to our TP, which we update to €7.2 vs €7.0 prev. (roll-over offset by higher net debt), we confirm our rating.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	204	200	252	318	352
EBITDA Adj (Eu mn)	17	26	31	50	59
Net Profit Adj (Eu mn)	-3	-2	-1	12	18
EPS New Adj (Eu)	-0.069	-0.039	-0.018	0.228	0.343
EPS Old Adj (Eu)	-0.069	-0.253	-0.031	0.237	
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	25.9	12.0	8.4	5.8	5.3
EV/EBIT Adj	nm	nm	nm	12.1	9.8
P/E Adj	nm	nm	nm	13.8	9.1
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	6.0	2.6	2.9	2.4	2.5

SERI INDUSTRIAL – Key Figures

Profit & Loss (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	177	204	200	252	318	352
EBITDA	20	18	21	31	50	59
EBIT	-2	-4	-8	5	24	32
Financial Income (charges)	-4	-6	-7	-6	-7	-7
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	-6	-10	-15	-1	17	25
Taxes	3	6	6	0	-5	-7
Tax rate	53.9%	55.3%	43.9%	27.0%	27.0%	27.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	-3	-4	-8	-1	12	18
EBITDA Adj	21	17	26	31	50	59
EBIT Adj	-1	-5	-2	5	24	32
Net Profit Adj	0	-3	-2	-1	12	18
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	-0.153	-0.018	0.228	0.343
EPS Adj f.d	0.010	-0.069	-0.039	-0.018	0.228	0.343
BVPS f.d	2.505	2.925	2.415	2.397	2.625	2.967
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	21	25	39	45
Change in NWC	-7	-15	58	66	75	109
Capital Expenditure	-25	-31	-37	-115	-145	-178
Other Cash Items	2	-3	-4	0	0	0
Free Cash Flow (FCF)	-13	-29	41	-23	-31	-24
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	37	-23	-31	-24
Balance Sheet (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Total Fixed Assets	192	202	183	271	390	541
Net Working Capital	59	75	-17	-83	-158	-267
Long term Liabilities	33	29	-31	-31	-31	-31
Net Capital Employed	219	248	197	220	263	305
Net Cash (Debt)	-98	-104	-67	-90	-122	-145
Group Equity	121	144	130	129	142	160
Minorities	0	0	0	0	0	0
Net Equity	121	143	130	129	142	160
Enterprise Value (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Average Mkt Cap	350	344	244	169	169	169
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-98	-104	-67	-90	-122	-145
Enterprise Value	448	448	311	259	291	314
Ratios (%)	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA Adj Margin	11.6%	8.5%	12.9%	12.3%	15.9%	16.8%
EBIT Adj Margin	nm	nm	nm	1.8%	7.6%	9.2%
Gearing - Debt/Equity	81.1%	72.7%	51.3%	69.7%	85.8%	90.7%
Interest Cover on EBIT	nm	nm	nm	0.8	3.3	4.7
Net Debt/EBITDA Adj	4.8	6.0	2.6	2.9	2.4	2.5
ROACE*	-1.0%	-1.8%	-3.7%	2.2%	10.0%	11.3%
ROE*	0.4%	-2.6%	-1.5%	-0.7%	9.1%	12.3%
EV/CE	2.1	1.9	1.4	1.2	1.2	1.1
EV/Sales	2.5	2.2	1.6	1.0	0.9	0.9
EV/EBITDA Adj	21.8	25.9	12.0	8.4	5.8	5.3
EV/EBIT Adj	nm	nm	nm	nm	12.1	9.8
Free Cash Flow Yield	-7.6%	-17.0%	24.3%	-13.8%	-18.6%	-14.0%
Growth Rates (%)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	32.2%	15.2%	-2.0%	25.8%	26.3%	10.6%
EBITDA Adj	316.3%	-15.7%	49.8%	19.9%	62.6%	16.8%
EBIT Adj	nm	nm	nm	nm	423.1%	33.7%
Net Profit Adj	nm	nm	nm	nm	nm	50.5%
EPS Adj	nm	nm	nm	nm	nm	50.5%
DPS						

*Excluding extraordinary items

Source: Intermonte SIM estimates

2H23 results

Results breakdown by division, income statement and key cash flow metrics

	1H22A	2H22A	2022A	1H23A	2H23A	2023A	2024E	2H23E	A/E %	2023E	A/E %
El. Acc. (lead-acid)	39.5	44.3	83.8	37.2	41.9	79.1	80.2	43.0	-2%	80.2	-1%
Plastics materials	62.8	59.1	121.9	59.6	51.8	111.4	113.5	57.9	-10%	117.4	-5%
Corp., Other & Elim.	-0.8	-0.8	-1.6	-0.9	-0.5	-1.5	-1.9	-0.7	-17%	-1.6	-7%
Business as-is	101.5	102.6	204.1	95.9	93.2	189.1	191.8	100.2	-7%	196.0	-4%
Teverola 1	0.0	0.0	0.0	0.0	11.0	11.0	60.0	6.9	+59%	6.9	
Group revenue	101.5	102.6	204.1	95.9	104.2	200.1	251.8	107.1	-3%	203.0	-1%
El. Acc. (lead-acid)	+21%	+5%	+12%	-6%	-5%	-6%	+1%	-3%		-4%	
Plastics materials	+21%	+12%	+16%	-5%	-12%	-9%	+2%	-2%		-4%	
Corporate, Other & Elim.	+20%	-47%	-25%	+13%	-29%	-7%	+29%	-14%		+0%	
Business as-is	+21%	+10%	+15%	-6%	-9%	-7%	+1%	-2%		-4%	
Teverola 1	+0%	+0%	+0%	+0%	+0%	n.m.	+445%	+0%		n.m.	
Group revenue	+21%	+10%	+15%	-6%	+2%	-2%	+26%	+4%		-1%	
El. Acc. (lead-acid)	5.0	2.9	7.9	3.4	8.2	11.6	10.4	4.6	+78%	8.0	+45%
Plastics materials	4.5	5.9	10.3	3.9	5.0	8.9	9.6	5.5	-9%	9.4	-5%
Corp., Other & Elim.	-0.4	-0.6	-1.0	-0.1	-0.5	-0.6	-1.0	-0.9	-41%	-1.0	-36%
Business as-is	9.1	8.2	17.3	7.2	12.7	19.9	19.0	9.3	+37%	16.4	+21%
Teverola 1	0.0	0.0	0.0	0.0	3.0	3.0	12.0	0.0		0.0	
Adj. EBITDA	9.1	8.2	17.3	7.2	15.7	22.9	31.0	9.3	+70%	16.4	+39%
El. Acc. (lead-acid)	12.6%	6.6%	9.5%	9.2%	19.6%	14.7%	13.0%	10.7%		10.0%	
Plastics materials	7.1%	9.9%	8.5%	6.5%	9.7%	8.0%	8.5%	9.6%		8.0%	
Corp., Other & Elim.	46.2%	79.7%	62.3%	12.6%	95.5%	42.9%	54.4%	133.6%		62.3%	
Business as-is	8.9%	8.0%	8.5%	7.5%	13.7%	10.5%	9.9%	9.3%		8.4%	
Teverola 1	0.0%	0.0%	0.0%	0.0%	27.3%	27.3%	20.0%	0.0%		0.0%	
Adj. EBITDA	8.9%	8.0%	8.5%	7.5%	18.0%	12.9%	12.3%	8.7%		8.1%	
	1H22A	2H22A	2022A	1H23A	2H23A	2023A	2024E	2H23E	A/E %	2023E	A/E %
Revenues	101.5	102.6	204.1	95.9	104.2	200.1	251.8	107.1	-3%	203.0	-1%
YoY growth	+21%	+10%	+15%	-6%	+2%	-2%	+26%	+4%		-1%	
- Operating costs	-92.6	-93.8	-186.4	-89.0	-90.5	-179.5	-220.7	-97.5		-186.5	
+ Non-recurring	0.2	-0.7	-0.5	0.3	5.0	5.3	0.0	(0.3)		0.0	
Adj. EBITDA	9.1	8.2	17.3	7.2	18.7	25.9	31.0	9.3	+102%	16.4	+58%
YoY growth	+11%	-33%	-16%	-21%	+128%	+50%	+20%	+13%		-5%	
Adj. EBITDA margin %	8.9%	8.0%	8.5%	7.5%	18.0%	12.9%	12.3%	8.7%		8.1%	
- D&A (only recurring)	-10.8	-11.0	-21.8	-13.3	-14.4	-27.7	-26.4	-13.8		-27.1	
Adj. EBIT	-1.7	-2.8	-4.5	-6.1	4.3	-1.8	4.6	-4.5	n.m.	-10.7	n.m.
YoY growth	+72%	n.m.	+272%	+257%	-253%	-60%	-357%	+61%		+135%	
Adj. EBIT margin %	-1.7%	-2.8%	-2.2%	-6.4%	4.2%	-0.9%	1.8%	-4.2%		-5.3%	
- Non-recurring (incl. D&A)	-0.2	0.7	0.5	-0.6	-5.9	-6.4	0.0	0.6		0.0	
-/+ Net fin. exp./inc.	-2.4	-3.5	-5.9	-3.0	-3.5	-6.5	-5.9	-5.0		-8.0	
Pre-tax income	-4.3	-5.6	-9.9	-9.7	-5.0	-14.7	-1.3	-9.0	n.m.	-18.7	n.m.
Tax rate %	-19.9%	n.m.	55.3%	27.4%	76.0%	43.9%	27.0%	26.5%		27.0%	
- Tax income	-0.9	6.4	5.5	2.7	3.8	6.5	0.4	2.4		5.0	
Net income	-5.2	0.8	-4.4	-7.0	-1.2	-8.2	-1.0	-6.6	n.m.	-13.6	n.m.
YoY growth	+26%	-46%	+61%	+36%	-260%	+86%	-88%	-976%		+207%	
Net income margin %	-5.1%	0.7%	-2.2%	-7.3%	-1.2%	-4.1%	-0.4%	-6.2%		-6.7%	
Adj. net income	-4.3	0.9	-3.4	-6.3	4.2	-2.1	-1.0	-7.3	n.m.	-13.6	n.m.
YoY growth	+13%	-78%	n.m.	+48%	+363%	-38%	-54%	-897%		+304%	
Net income margin %	-4.2%	0.9%	7.1%	-6.6%	4.1%	7.2%	3.4%	-6.8%		7.2%	
Cash flow from operations	-14.0	16.0	1.9	-17.9	96.3	78.4	91.5	107.1		89.1	
Capex	-6.4	-20.5	-30.7	-7.1	-30.2	-37.3	-114.9	-10.7		(17.8)	
FCF	-20.4	-4.5	-28.7	-25.0	66.0	41.1	-23.4	96.4		71.3	
Net debt/(cash)	119.9	104.3	104.3	130.1	66.8	66.8	90.2	33.0		33.0	
Net debt/EBITDA	5.6x	12.7x	6.0x	8.5x	3.6x	2.6x	2.9x	3.6x		2.0x	

Source: Company data & Intermonte SIM Estimates

Change in estimates

Change in estimates

	New			Old			Δ %		
	2023A	2024E	2025E	2023E	2024E	2025E	2023A	2024E	2025E
Revenues	200.1	251.8	318.1	203.0	257.4	341.4	-1%	-2%	-7%
YoY growth	-2%	+26%	+26%	-1%	+27%	+33%			
Adj. EBITDA	25.9	31.0	50.5	16.4	28.1	48.3	+58%	+11%	+4%
YoY growth	+50%	+20%	+63%	-5%	+71%	+72%			
Adj. EBITDA margin %	12.9%	12.3%	15.9%	8.1%	10.9%	14.2%			
Adj. EBIT	-1.8	4.6	24.1	-10.7	2.7	24.1	-83%	+73%	+0%
YoY growth	-60%	-357%	+423%	+135%	-125%	+803%			
Adj. EBIT margin %	-0.9%	1.8%	7.6%	-5.3%	1.0%	7.1%			
Adj. EPS	-0.04	-0.02	0.23	-0.25	-0.03	0.24	-85%	n.m.	-4%
YoY growth	-44%	-54%	-1391%	+268%	-88%	-870%			
Net debt/(cash)	66.8	90.2	121.6	33.0	74.1	113.4	+102%	+22%	+7%
Net debt/EBITDA	2.6x	2.9x	2.4x	2.0x	2.6x	2.3x			

Source: Intermonte SIM

Change in estimates by division

	New			Old			Δ %		
	2023A	2024E	2025E	2023A	2024E	2025E	2023A	2024E	2025E
El. Acc. (lead-acid)	79.1	80.2	81.9	80.2	82.7	84.6	-1%	-3%	-3%
Plastics materials	111.4	113.5	116.6	117.4	121.7	125.0	-5%	-7%	-7%
Corp., Other & Elim.	-1.5	-1.9	-1.9	-1.6	-1.6	-1.6	-7%	+20%	+20%
Business as-is	189.1	191.8	196.6	196.0	202.8	208.1	-4%	-5%	-6%
Teverola 1	11.0	60.0	121.5	6.9	54.6	133.3	+59%	+10%	-9%
Group revenue	200.1	251.8	318.1	203.0	257.4	341.4	-1%	-2%	-7%
El. Acc. (lead-acid)	11.6	10.4	10.6	8.0	9.9	10.2	+45%	+5%	+5%
Plastics materials	8.9	9.6	10.5	9.4	11.0	12.5	-5%	-12%	-16%
Corp., Other & Elim.	-0.6	-1.0	-1.0	-1.0	-1.0	-1.0	-36%	+4%	+4%
Business as-is	19.9	19.0	20.1	16.4	19.9	21.7	+21%	-4%	-7%
Teverola 1	3.0	12.0	30.4	0.0	8.2	26.7	n.m.	+47%	+14%
Adj. EBITDA	22.9	31.0	50.5	16.4	28.1	48.3	+39%	+11%	+4%

Source: Intermonte SIM

Financials

SERI – Income statement, balance sheet, cash flow statement 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	251.8	318.1	351.9
YoY growth	+17%	-14%	+32%	+15%	-2%	+26%	+26%	+11%
- Operating costs	-137.1	-131.7	-157.0	-186.4	-179.5	-220.7	-267.6	-292.9
+ 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	25.9	31.0	50.5	58.9
YoY growth	+44%	-78%	+316%	-16%	+50%	+20%	+63%	+17%
Adj. EBITDA margin %	14.1%	3.7%	11.6%	8.5%	12.9%	12.3%	15.9%	16.8%
- D&A (only recurring)	-11.6	-11.2	-21.7	-21.8	-27.7	-26.4	-26.4	-26.7
Adj. EBIT	10.4	-6.2	-1.2	-4.5	-1.8	4.6	24.1	32.2
YoY growth	+370%	-160%	-80%	+272%	-60%	-357%	+423%	+34%
Adj. EBIT margin %	6.7%	-4.7%	-0.7%	-2.2%	-0.9%	1.8%	7.6%	9.2%
- 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	-5.9	-7.2	-6.9
Pre-tax income	3.3	-15.2	-6.0	-9.9	-14.7	-1.3	16.8	25.3
Tax rate %	43.4%	69.8%	53.9%	55.3%	43.9%	27.0%	27.0%	27.0%
- Tax income	-1.4	10.6	3.2	5.5	6.5	0.4	-4.5	-6.8
Net income	1.9	-4.6	-2.8	-4.4	-8.2	-1.0	12.3	18.5
YoY growth	-65%	-348%	-40%	+61%	+86%	-88%	-1391%	+50%
Net income margin %	1.2%	-3.4%	-1.6%	-2.2%	-4.1%	-0.4%	3.9%	5.3%
- 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	-8.2	-1.0	12.3	18.5
Adj. EPS	0.11	-0.16	0.01	-0.07	-0.04	-0.02	0.23	0.34
YoY growth	-317%	-253%	-106%	-818%	-44%	-54%	-1391%	+50%

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	75.3	95.4	105.5
Other current assets/(liab.)	-14.4	5.8	6.6	13.3	-86.2	-158.2	-253.7	-372.6
Working capital	39.5	55.6	59.3	74.8	-16.9	-82.9	-158.3	-267.1
Net fixed assets	163.6	183.8	192.3	202.0	182.9	271.4	390.5	541.4
Long-term liabilities	-14.0	-29.5	-32.7	-28.8	31.1	31.1	31.1	31.1
Total fixed asset	149.7	154.3	159.6	173.2	214.1	302.5	421.6	572.5
Invested capital	189.2	209.9	219.0	247.9	197.2	219.6	263.3	305.4
Net debt/(cash)	69.0	96.0	98.0	104.3	66.8	90.2	121.6	145.2
Equity	118.4	113.6	120.5	143.5	130.3	129.4	141.7	160.2
Minorities	1.8	0.4	0.4	0.0	0.0	0.0	0.0	0.0
Total sources	189.2	209.9	219.0	247.9	197.2	219.6	263.3	305.4

Cash flow statement	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Net Income	1.9	-4.6	-2.8	-4.4	-8.2	-1.0	12.3	18.5
D&A	-19.4	13.8	22.3	21.8	28.8	26.4	26.4	26.7
Change in WC & Others	42.4	-8.4	-7.3	-15.4	57.8	66.1	75.4	108.8
Cash flow from operations	24.9	0.8	12.2	1.9	78.4	91.5	114.1	154.0
Capex	-38.7	-23.3	-25.0	-30.7	-37.3	-114.9	-145.5	-177.7
FCF	-13.8	-22.5	-12.8	-28.7	41.1	-23.4	-31.4	-23.6
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	-3.5	-3.6	0.0	0.0	0.0
Change in NFP	-18.1	-26.9	-2.0	-6.3	37.5	-23.4	-31.4	-23.6

Ratios	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
NWC/Sales %	25%	42%	33%	37%	-8%	-33%	-50%	-76%
Capex/Sales %	24.7%	17.4%	14.1%	15.0%	18.6%	45.6%	45.7%	50.5%
Net debt/EBITDA	3.1x	19.5x	4.8x	6.0x	2.6x	2.9x	2.4x	2.5x
ROCE %	5.5%	-3.0%	-0.6%	-1.8%	-0.9%	2.1%	9.1%	10.5%
ROE %	4.3%	-6.8%	0.4%	-2.3%	-1.6%	-0.7%	8.7%	11.5%

Source: Company data & Intermonte SIM Estimates

Market multiples and performance

Market multiples

Company name	HQ	PX (Lc. C.)	Mkt C. (€ mn)	EV/EBITDA			EV/EBIT			PE		
				2023A	2024E	2025E	2023A	2024E	2025E	2023A	2024E	2025E
SERI @ our TP	IT	7.2	177	17.6x	15.4x	10.1x	n.m.	104.0x	21.2x	n.m.	n.m.	31.6x
SERI @ our est.	IT	3.1	177	9.1x	8.4x	5.8x	n.m.	56.3x	12.1x	n.m.	n.m.	13.8x
SERI @ cons. est.	IT	3.1	177	9.1x	8.6x	6.3x	n.m.			n.m.	n.m.	13.6x
VARTA	DE	8.4	883	41.3x	13.6x	8.7x	n.m.	n.m.	388.0x	n.m.	n.m.	n.m.
EnerSys	US	84.8	3,748	8.6x	8.1x		11.1x	10.2x		10.9x	10.7x	10.6x
Exide Industries	IN	5.2	2,727	21.2x	17.7x	15.6x	29.2x	23.4x	20.3x	37.4x	30.5x	26.4x
GS Yuasa	JP	18.3	1,242	6.0x	5.5x	5.4x	9.0x	8.3x	8.1x	12.2x	11.9x	10.6x
Ganfeng Lithium Group	CN	2.8	9,298	14.5x	9.9x	6.3x	11.1x	15.1x	9.3x	8.8x	11.9x	8.3x
Umicore	BE	21.0	6,093	6.5x	7.3x	7.3x	9.4x	11.3x	11.6x	11.3x	13.2x	13.0x
Contemp Amperex	CN	25.6	86,489	10.3x	8.9x	6.8x	14.5x	12.8x	9.6x	20.0x	17.9x	15.0x
LG Chem	KR	257.6	26,098	6.6x	6.2x	4.5x	16.4x	15.1x	8.2x	20.2x	15.5x	7.7x
Samsung SDI	KR	260.7	21,896	8.6x	8.2x	6.3x	17.4x	17.9x	12.7x	12.9x	14.1x	10.8x
SK Innovation	KR	70.0	9,757	6.7x	6.3x	5.0x	13.8x	12.5x	8.2x	29.7x	9.6x	5.7x
Average				13.0x	9.2x	7.3x	14.7x	14.1x	52.9x	18.2x	15.0x	12.0x

Source: Intermonte SIM

Stock performance (total return)

	-1m	-3m	-6m	YTD	-1y	-2y	-3y	Oct-20
SERI	+37.5%	+5.4%	+11.2%	-7.4%	-42.3%	-58.6%	-48.3%	-9.4%
VARTA	-39.2%	-54.8%	-53.6%	-59.8%	-65.8%	-90.1%	-92.8%	-92.3%
EnerSys	-1.1%	-7.0%	-3.9%	-10.5%	+11.1%	+32.0%	-0.4%	+26.5%
Exide Industries	+50.5%	+41.1%	+73.8%	+44.5%	+149.7%	+194.8%	+163.8%	+193.9%
GS Yuasa	+6.2%	+47.3%	+21.4%	+53.6%	+35.7%	+41.3%	+7.5%	+72.6%
Ganfeng Lithium Group	-12.9%	-14.4%	-24.3%	-21.4%	-54.4%	-67.8%	-66.1%	-22.6%
CATL	+1.6%	-1.6%	-5.2%	-15.5%	-28.8%	-43.8%	-53.6%	-42.0%
Contemp Amperex	+8.9%	+25.6%	+6.7%	+20.8%	-10.1%	-22.2%	+7.2%	+52.4%
LG Chem	-11.4%	-11.6%	-25.0%	-23.4%	-52.0%	-23.9%	-55.6%	-40.0%
Samsung SDI	-9.1%	-2.2%	-24.6%	-18.1%	-49.2%	-37.4%	-44.0%	-11.5%
SK Innovation	-13.5%	-15.2%	-30.3%	-26.0%	-44.7%	-47.9%	-60.2%	-25.9%
MARKET (FTSE MIB)	-1.6%	+10.1%	+17.6%	+10.0%	+19.8%	+34.3%	+35.0%	+69.4%
PEERS	-2.0%	+0.7%	-6.5%	-5.6%	-10.8%	-6.5%	-19.4%	+11.1%
SERI vs MARKET	+39.1%	-4.7%	-6.4%	-17.4%	-62.1%	-92.9%	-83.2%	-78.7%
SERI vs PEERS	+39.5%	+4.7%	+17.7%	-1.8%	-31.4%	-52.1%	-28.8%	-20.5%

Source: FactSet

SERI in brief

Company description

Founded in 1999, SERI is a circular economy player operating in the electric accumulator value chain. The company has two main divisions: Plastic Materials (59% of revenue), involving recycling and production of plastic products and compounds for lead-acid batteries, the automotive business, and several industrial sectors; Electric Accumulators (41% of revenue), involving production and recycling of lead-acid and lithium batteries for starter, traction, and storage applications.

Management

CEO: V. Civitillo

Chairman: Roberto Maviglia

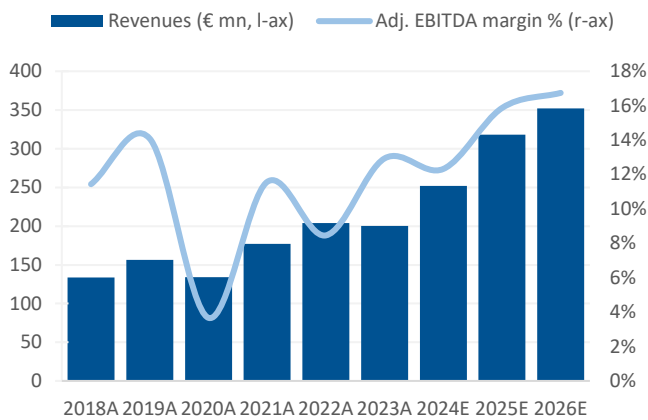
Next BoD renewal: Spring 2025

BoD independent members: 4/10

Shareholders

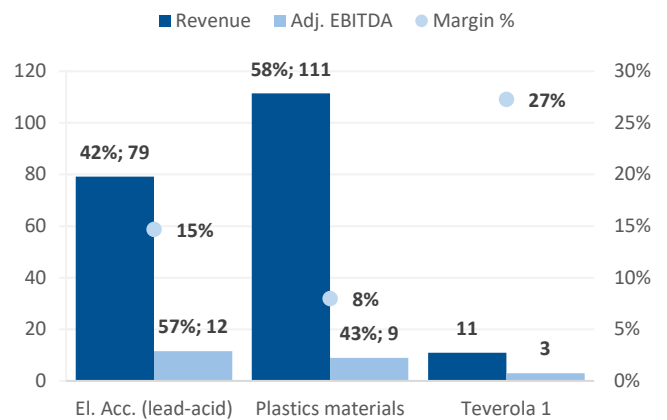
SE.R.I. Spa & Civitillo V.	56.4%
Neuberger Berman	7.4%
Market/other	36.2%

Revenue and EBITDA margin % (€ mn)



Source: company data and Intermonte SIM estimates

Revenue and EBITDA breakdown by division (2023A)



Source: company data

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	SERI INDUSTRIAL		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	7.20	Previous Target (Eu):	7.00
Current Price (Eu):	3.13	Previous Price (Eu):	3.27
Date of report:	17/04/2024	Date of last report:	22/12/2023

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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.

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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 March 2024 Intermonte's Research Department covered 116 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	25.21 %
OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (50 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

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Emitente	%	Long/Short
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