

SERI INDUSTRIAL

BUY

Sector: Industrials

Price: Eu6.00 - Target: Eu9.80

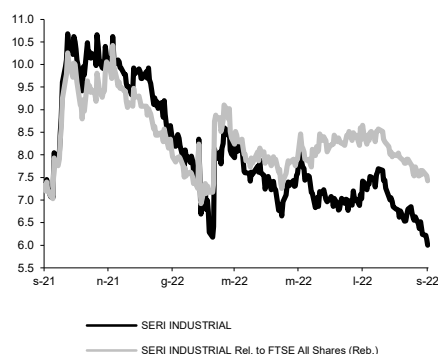
Resilient As-Is Business; Awaiting Developments on T1&2

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 12.80 to 9.80		
	2022E	2023E	2024E
Chg in Adj EPS	n.m.	-25.5%	0.7%

SERI INDUSTRIAL - 12M Performance



Stock Data

Reuters code:	SERK.MI		
Bloomberg code:	SERI IM		
Performance	1M	3M	12M
Absolute	-12.4%	-15.3%	-18.3%
Relative	-7.0%	-9.0%	1.0%
12M (H/L)	10.68/6.00		
3M Average Volume (th):	38.02		

Shareholder Data

No. of Ord shares (mn):	48
Total no. of shares (mn):	49
Mkt Cap Ord (Eu mn):	290
Total Mkt Cap (Eu mn):	290
Mkt Float - Ord (Eu mn):	115
Mkt Float (in %):	39.6%
Main Shareholder:	
Civittillo Family	60.4%

Balance Sheet Data

Book Value (Eu mn):	117
BVPS (Eu):	2.39
P/BV:	2.5
Net Financial Position (Eu mn):	-114
Enterprise Value (Eu mn):	408

■ **1H22 results: as-is business shows resilience.** SERI reported 1H22 revenues of €101.5mn, +20% YoY (vs. exp. €92.7mn), with both the Plastic Materials and Lead-Acid Batteries divisions benefitting from higher volumes and average selling prices. Adj. EBITDA was €9.1mn (+11% YoY vs. exp. €8.6mn) for an 8.9% margin vs. 9.7% in 1H21 due to inflation, mainly on energy costs, which had a gross impact of ~€4.6mn (mainly on the PM division) partly offset by €1.5mn of public grants and price increases. Adj. EBIT was €-1.9mn, affected by €5.4mn in D&A related to the Teverola 1 & 2 projects, which, as already known, are yet to commence production; net of this, adj. EBIT was €3.5mn, a 3.4% margin, +0.2pp YoY. Net debt was €119.9mn vs. €98.0mn at YE21, mainly due to an increase in inventories.

■ **T1: commercial ramp-up expected in 4Q22.** SERI said testing and certification activity on lithium batteries is ongoing at Teverola 1. Commercial ramp-up has been confirmed to take place in 2H22, but not until 4Q22, later than we previously assumed (early 3Q22). We therefore now forecast a limited contribution from T1 in 2022 (~3% of annual capacity), before the definitive ramp-up in 2023. Our forecast now embeds a slightly higher ASP (€460 KWh vs. €425 previously), but a slightly lower margin, albeit still 20% at run-rate due to the inflationary environment. When it is fully up and running, we forecast the 330MWh T1 plant will generate ~€130mn in revenues and EBITDA of ~€28mn.

■ **T2: talks with suppliers and banks underway.** In March the Ministry for Economic Development (MISE) issued a concession decree for the Teverola 2 lithium battery plant, granting the company €417mn. SERI is now in talks with: i) suppliers, for plant & machinery; ii) banks, to activate a revolving credit line ahead of disbursement of funds. Updates are expected over the coming months. The T2 project is included in our valuation through a dedicated DCF, with assumptions that now embed a slightly higher ASP, but slightly lower fully-loaded margins (consistent with the changes for T1) and a 16.6% WACC (from 15.4% previously) due to a higher risk-free rate.

■ **P2P: financing request presented to Invitalia.** On 1 June P2P, the JV created with Unilever, submitted a financing request to Invitalia. The project aims to reconvert Unilever's Pozzilli plant for the recycling of post-consumer plastic with an annual capacity of 130k tons, through an investment estimated at €109mn (€75mn prev.) including €56mn in CapEx and €53mn in OpEx (mainly R&D). P2P is seeking to obtain €38mn in non-refundable grants and €44mn in subsidies. The project is now part of SERI's business plan, which targets €2.2bn of revenues by 2025-26 (vs. €2.0bn prev.). The P2P is not included in our valuation awaiting further developments.

■ **Change in estimates.** We are broadly confirming our 2022/23 estimates for the as-is business, with higher prices offsetting cost inflation. Nevertheless, the later-than-previously-assumed ramp-up of the T1 plant drives a cut in group estimates.

■ **BUY; target from €12.8 to €9.8.** SERI's 1H22 results show a resilient as-is business despite the impact of higher material and energy costs. However, SERI's equity story remains more hinged on the success of the T1 & 2 lithium battery projects. While SERI now expects T1 to begin commercial ramp-up in 4Q22, later than previously assumed, we believe the effective start of delivery will be seen as good news. At the same time, we await developments with suppliers and banks for T2, which should enhance visibility on the project. As the new energy economy will create massive growth potential for lithium batteries, we remain positive on SERI. TP to €9.8 from €12.8 on the back of higher risk-free rates (€-2.0) and lower short-term estimates.

Key Figures & Ratios	2020A	2021A	2022E	2023E	2024E
Sales (Eu mn)	134	177	210	322	358
EBITDA Adj (Eu mn)	5	21	21	43	56
Net Profit Adj (Eu mn)	-8	0	-5	12	21
EPS New Adj (Eu)	-0.163	0.010	-0.093	0.236	0.421
EPS Old Adj (Eu)	-0.163	0.010	0.103	0.317	0.418
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	nm	21.8	19.5	9.4	7.0
EV/EBIT Adj	nm	nm	nm	19.2	11.7
P/E Adj	nm	nm	nm	25.4	14.3
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	19.5	4.8	5.4	2.6	1.8

SERI INDUSTRIAL – Key Figures

Profit & Loss (Eu mn)	2019A	2020A	2021A	2022E	2023E	2024E
Sales	157	134	177	210	322	358
EBITDA	19	2	20	21	43	56
EBIT	7	-11	-2	-2	21	34
Financial Income (charges)	-3	-4	-4	-5	-5	-5
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	3	-15	-6	-6	16	28
Taxes	-1	11	3	2	-4	-8
Tax rate	43.4%	69.8%	53.9%	27.0%	27.0%	27.0%
Minorities & Discontinued Operations	-0	0	0	0	0	0
Net Profit	2	-4	-3	-5	12	21
EBITDA Adj	22	5	21	21	43	56
EBIT Adj	10	-6	-1	-1	21	34
Net Profit Adj	5	-8	0	-5	12	21
Per Share Data (Eu)	2019A	2020A	2021A	2022E	2023E	2024E
Total Shares Outstanding (mn) - Average	47	47	48	49	49	49
Total Shares Outstanding (mn) - Year End	47	47	48	49	49	49
EPS f.d	0.033	-0.092	-0.057	-0.093	0.236	0.421
EPS Adj f.d	0.107	-0.163	0.010	-0.093	0.236	0.421
BVPS f.d	2.540	2.410	2.505	2.389	2.625	3.046
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)	2019A	2020A	2021A	2022E	2023E	2024E
Gross Cash Flow	-18	9	20	18	34	43
Change in NWC	42	-8	-7	-17	-14	-9
Capital Expenditure	-39	-23	-25	-17	-18	-20
Other Cash Items	5	-5	8	0	0	0
Free Cash Flow (FCF)	-14	-23	-13	-16	2	14
Acquisitions, Divestments & Other Items	-8	1	0	0	0	0
Dividends	0	0	0	0	0	0
Equity Financing/Buy-back	-2	0	3	1	0	0
Change in Net Financial Position	-18	-27	-2	-16	2	14
Balance Sheet (Eu mn)	2019A	2020A	2021A	2022E	2023E	2024E
Total Fixed Assets	164	184	192	187	183	181
Net Working Capital	39	56	59	77	90	100
Long term Liabilities	14	29	33	33	33	33
Net Capital Employed	189	210	219	231	241	248
Net Cash (Debt)	-69	-96	-98	-114	-112	-98
Group Equity	120	114	121	117	129	149
Minorities	2	0	0	0	0	0
Net Equity	118	114	121	117	128	149
Enterprise Value (Eu mn)	2019A	2020A	2021A	2022E	2023E	2024E
Average Mkt Cap	83	141	350	294	294	294
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-69	-96	-98	-114	-112	-98
Enterprise Value	152	237	448	408	406	393
Ratios (%)	2019A	2020A	2021A	2022E	2023E	2024E
EBITDA Adj Margin	14.1%	3.7%	11.6%	10.0%	13.5%	15.6%
EBIT Adj Margin	6.7%	nm	nm	nm	6.6%	9.4%
Gearing - Debt/Equity	57.4%	84.2%	81.1%	96.9%	86.8%	65.7%
Interest Cover on EBIT	2.0	nm	nm	nm	4.0	6.4
Net Debt/EBITDA Adj	3.1	19.5	4.8	5.4	2.6	1.8
ROACE*	3.7%	-5.7%	-1.0%	-0.7%	9.0%	13.7%
ROE*	4.3%	-6.7%	0.4%	-3.8%	9.5%	14.9%
EV/CE	0.8	1.2	2.1	1.8	1.7	1.6
EV/Sales	1.0	1.8	2.5	1.9	1.3	1.1
EV/EBITDA Adj	6.9	nm	21.8	19.5	9.4	7.0
EV/EBIT Adj	14.6	nm	nm	nm	19.2	11.7
Free Cash Flow Yield	-4.8%	-7.8%	-4.4%	-5.7%	0.6%	4.7%
Growth Rates (%)	2019A	2020A	2021A	2022E	2023E	2024E
Sales	17.3%	-14.4%	32.2%	18.5%	53.5%	11.2%
EBITDA Adj	44.4%	-77.7%	316.3%	1.9%	108.0%	28.4%
EBIT Adj	370.1%	nm	nm	nm	nm	58.2%
Net Profit Adj	-71.2%	nm	nm	nm	nm	78.1%
EPS Adj	nm	nm	nm	nm	nm	78.1%
DPS						

*Excluding extraordinary items

Source: Intermonte SIM estimates

1H22 results

SERI – Results breakdown by division, income statement and NFP

	2020A	1H21A	2H21A	2021A	1H22A	2H22E	2022E	1H22E	A/E %
El. Acc. (lead-acid)	57.0	32.5	42.0	74.6	39.5	42.4	81.9	37.6	+5%
Plastics materials	78.3	52.6	52.1	104.7	62.8	62.7	125.5	56.2	+12%
Corporate, Other & Elim.	-1.3	-0.7	-1.4	-2.1	-0.8	-1.3	-2.1	-1.1	-22%
Business as-is	134.0	84.4	92.7	177.1	101.5	103.8	205.3	92.7	+9%
Teverola 1	0.0	0.0	0.0	0.0	0.0	4.6	4.6	0.0	
Group revenue	134.0	84.4	92.7	177.1	101.5	108.3	209.8	92.7	+9%
El. Acc. (lead-acid)	-8%	+27%	+34%	+31%	+21%	+1%	+10%	+15%	
Plastics materials	-18%	+59%	+15%	+34%	+19%	+20%	+20%	+7%	
Corporate, Other & Elim.	+283%	-3%	+131%	+59%	+20%	-9%	+0%	+54%	
Business as-is	-14%	+46%	+22%	+32%	+20%	+12%	+16%	+10%	
Lithium batteries	+0%	+0%	+0%	+0%	+0%	+0%	+0%	+0%	
Group revenue	-14%	+46%	+22%	+32%	+20%	+17%	+18%	+10%	
El. Acc. (lead-acid)	0.9	2.4	6.8	9.2	5.0	6.6	11.6	3.4	+48%
Plastics materials	4.7	6.1	5.5	11.6	4.5	5.7	10.1	5.6	-21%
Corporate, Other & Elim.	-0.6	-0.3	0.0	-0.3	-0.4	-0.4	-0.8	-0.4	-8%
Business as-is	4.9	8.2	12.3	20.5	9.1	11.8	20.9	8.6	+6%
Teverola 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Adj. EBITDA	4.9	8.2	12.3	20.5	9.1	11.8	20.9	8.6	+6%
El. Acc. (lead-acid)	1.5%	7.5%	16.1%	12.3%	12.6%	15.6%	14.2%	9.0%	
Plastics materials	6.0%	11.6%	10.6%	11.1%	7.1%	9.0%	8.1%	10.0%	
Corporate, Other & Elim.	47.3%	47.2%	-0.4%	15.1%	46.2%	34.6%	39.1%	39.1%	
Business as-is	3.7%	9.7%	13.3%	11.6%	8.9%	11.4%	10.2%	9.3%	
Teverola 1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Adj. EBITDA	3.7%	9.7%	13.3%	11.6%	8.9%	10.9%	10.0%	9.3%	
	2020A	1H21A	2H21A	2021A	1H22A	2H22E	2022E	1H22E	A/E %
Revenues	134.0	84.4	92.7	177.1	101.5	108.3	209.8	92.7	9%
YoY growth	-14%	+46%	+22%	+32%	+20%	+17%	+18%	+10%	
- Operating costs	-131.7	-76.0	-81.0	-157.0	-92.6	-96.5	-189.2	-84.1	
+ Non-recurring	2.6	(0.2)	0.6	0.4	0.2	0.0	0.2	0.0	
Adj. EBITDA	4.9	8.2	12.3	20.5	9.1	11.8	20.9	8.6	6%
YoY growth	-78%	n.m.	+187%	+316%	+11%	-4%	+2%	+5%	
Adj. EBITDA margin %	3.7%	9.7%	13.3%	11.6%	8.9%	10.9%	10.0%	9.3%	
- D&A (only recurring)	-11.2	-9.2	-12.5	-21.7	-10.8	-11.5	-22.3	-11.1	
Adj. EBIT	-6.2	-1.0	-0.2	-1.2	-1.7	0.4	-1.4	-2.5	n.m.
YoY growth	-160%	-78%	-87%	-80%	+72%	-261%	+12%	+154%	
Adj. EBIT margin %	-4.7%	-1.2%	-0.2%	-0.7%	-1.7%	0.3%	-0.6%	-2.7%	
- Non-recurring (incl. D&A)	-5.2	-0.4	-0.5	-0.9	-0.2	0.0	-0.2	0.0	
-/+ Net fin. exp./inc.	-3.7	-1.8	-2.1	-3.8	-2.4	-2.3	-4.7	-2.3	
Pre-tax income	-15.2	-3.1	-2.8	-6.0	-4.3	-1.9	-6.3	-4.9	n.m.
Tax rate %	69.8%	-31.9%	n.m.	53.9%	-19.9%	132.6%	27.0%	27.0%	
- Tax income	10.6	-1.0	4.2	3.2	-0.9	2.6	1.7	1.3	
Net income	-4.6	-4.1	1.4	-2.8	-5.2	0.6	-4.6	-3.6	n.m.
YoY growth	-348%	-46%	-55%	-40%	+26%	-55%	+66%	-14%	
Net income margin %	-3.4%	-4.9%	1.5%	-1.6%	-5.1%	0.6%	-2.2%	-3.8%	
Adj. net income	-7.7	-3.8	4.2	0.5	-5.2	0.6	-4.6	-3.6	n.m.
YoY growth	-253%	-50%	n.m.	-106%	+37%	-85%	n.m.	-6%	
Net income margin %	-0.2%	-4.5%	4.6%	4.2%	-5.1%	0.6%	7.1%	-3.8%	
Net debt/(cash)	96.0	104.2	98.0	98.0	119.9	113.6	113.6	101.7	
Net debt/EBITDA	19.5 x	8.4 x	8.0 x	4.8 x	5.6 x	9.6 x	5.4 x	4.9 x	

Source: Company data & Intermonte SIM Estimates

Change in estimates

Change in estimates

	New			Old			Δ %		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Revenues	209.8	322.2	358.2	266.5	311.2	331.9	-21%	4%	8%
YoY growth	+18.5%	+53.5%	+11.2%	+50.4%	+16.8%	+6.6%			
Adj. EBITDA	20.9	43.4	55.8	33.9	48.7	54.9	-38%	-11%	2%
YoY growth	+1.9%	+108.0%	+28.4%	+65.1%	+43.9%	+12.6%			
Adj. EBITDA margin %	10.0%	13.5%	15.6%	12.7%	15.7%	16.5%			
Adj. EBIT	-1.4	21.2	33.5	11.6	26.5	32.6	n.m.	-20%	3%
YoY growth	+11.7%	-1656.1%	+58.2%	-1052.2%	+128.1%	+23.2%			
Adj. EBIT margin %	-0.6%	6.6%	9.4%	4.4%	8.5%	9.8%			
Adj. EPS	-0.09	0.24	0.42	0.10	0.32	0.42	n.m.	-26%	1%
YoY growth	-1072.8%	-354.0%	+78.1%	+980.9%	+207.0%	+31.7%			
Net debt/(cash)	113.6	111.8	98.2	111.4	96.3	78.9	2%	16%	24%
Net debt/EBITDA	5.4 x	2.6 x	1.8 x	3.3 x	2.0 x	1.4 x			

Source: Intermonte SIM

Valuation

SERI – Valuation summary

SUM PV(FCF)	116
PV TV	219
EV AS-IS + T1; WACC @ 8.4% (prev. 7.6%); TG @ 2%	335
EV T2; WACC @ 16.6% (prev. 15.4%); TG @ 2%	282
Enterprise Value	617
-/+ Net debt/(cash) @ YE21	98
Cash-in from warr. already conv.	0
Equity value	519
Cash-in from warrant conversion	41
Equity value + Cash-in from Warr. conv.	560
Shares outstanding	49.1
Shares from issued warr. Conv.	8.1
Fair value per share (€)	9.8
Discount	0%
Target price (€)	9.8
Actual share price (€)	5.9
Upside/(Downside)	66%

Source: Intermonte SIM Estimates

Financials

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

Income statement	2018A	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	133.5	156.5	134.0	177.1	209.8	322.2	358.2
YoY growth	+0%	+17%	-14%	+32%	+18%	+54%	+11%
- Operating costs	-114.5	-137.1	-131.7	-157.0	-189.6	-278.7	-302.4
+ Non-recurring	-3.8	2.7	2.6	0.4	0.2	0.0	0.0
Adj. EBITDA	15.3	22.1	4.9	20.5	20.4	43.4	55.8
YoY growth	+0%	+44%	-78%	+316%	-0%	+113%	+28%
Adj. EBITDA margin %	11.4%	14.1%	3.7%	11.6%	9.7%	13.5%	15.6%
- D&A (only recurring)	-13.1	-11.6	-11.2	-21.7	-22.3	-22.3	-22.3
Adj. EBIT	2.2	10.4	-6.2	-1.2	-1.8	21.2	33.5
YoY growth	+0%	+370%	-160%	-80%	+49%	-1266%	+58%
Adj. EBIT margin %	1.7%	6.7%	-4.7%	-0.7%	-0.9%	6.6%	9.4%
- Non-recurring (incl. D&A)	2.7	-3.7	-5.2	-0.9	-0.2	0.0	0.0
-/+ Net fin. exp./inc.	-3.6	-3.4	-3.7	-3.8	-4.7	-5.3	-5.2
Pre-tax income	1.4	3.3	-15.2	-6.0	-6.7	15.9	28.3
Tax rate %	-294.8%	43.4%	69.8%	53.9%	27.0%	27.0%	27.0%
- Tax income	4.0	-1.4	10.6	3.2	1.8	-4.3	-7.6
Net income	5.4	1.9	-4.6	-2.8	-4.9	11.6	20.6
YoY growth	+0%	-65%	-348%	-40%	+78%	-337%	+78%
Net income margin %	4.0%	1.2%	-3.4%	-1.6%	-2.3%	3.6%	5.8%
- Minorities	(0.0)	(0.3)	0.2	0.0	0.0	0.0	0.0
Net income to shareholders	5.3	1.5	-4.4	-2.8	-4.9	11.6	20.6
Adj. EPS	-0.05	0.11	-0.16	0.01	-0.10	0.24	0.42
YoY growth	+0%	-317%	-253%	-106%	-1144%	-337%	+78%
Condensed balance sheet	2018A	2019A	2020A	2021A	2022E	2023E	2024E
Trade net working capital	57.0	53.9	49.8	52.7	70.1	83.9	93.0
Other current assets/(liabilities)	-8.6	-14.4	5.8	6.6	6.6	6.6	6.6
Working capital	48.4	39.5	55.6	59.3	76.8	90.5	99.6
Net fixed assets	127.5	163.6	183.8	192.3	186.8	182.9	180.8
Long-term liabilities	-4.9	-14.0	-29.5	-32.7	-32.7	-32.7	-32.7
Total fixed asset	122.6	149.7	154.3	159.6	154.1	150.2	148.1
Invested capital	171.1	189.2	209.9	219.0	230.8	240.7	247.7
Net debt/(cash)	50.9	69.0	96.0	98.0	113.9	112.2	98.6
Equity	118.5	118.4	113.6	120.5	116.5	128.1	148.7
Minorities	1.6	1.8	0.4	0.4	0.4	0.4	0.4
Total sources	171.1	189.2	209.9	219.0	230.8	240.7	247.7
Cash flow statement	2018A	2019A	2020A	2021A	2022E	2023E	2024E
Net Income	5.4	1.9	-4.6	-2.8	-4.9	11.6	20.6
D&A	14.1	-19.4	13.8	22.3	22.3	22.3	22.3
Change in working capital & Others	-10.6	42.4	-8.4	-7.3	-17.4	-13.7	-9.1
Cash flow from operations	8.8	24.9	0.8	12.2	-0.1	20.1	33.8
Capex	-39.5	-38.7	-23.3	-25.0	-16.7	-18.4	-20.2
FCF	-30.6	-13.8	-22.5	-12.8	-16.8	1.8	13.6
Acquisitions	-2.8	-7.9	0.6	0.0	0.0	0.0	0.0
Div., buyb. & eq. fin.	16.5	-1.6	0.0	3.1	0.9	0.0	0.0
Others (incl. IFRS 16)	-5.1	5.2	-5.1	7.7	0.0	0.0	0.0
Change in NFP	-22.0	-18.1	-26.9	-2.0	-15.9	1.8	13.6
Ratios	2018A	2019A	2020A	2021A	2022E	2023E	2024E
NWC/Sales %	36.3%	25.2%	41.5%	33.5%	36.6%	28.1%	27.8%
Capex/Sales %	29.6%	24.7%	17.4%	14.1%	8.0%	5.7%	5.6%
Net debt/EBITDA	3.3x	3.1x	19.5x	4.8x	5.6x	2.6x	1.8x
ROCE %	1.3%	5.5%	-3.0%	-0.6%	-0.8%	8.8%	13.5%
ROE %	-1.9%	4.3%	-6.8%	0.4%	-4.2%	9.1%	13.9%

Source: Company data & Intermonte SIM Estimates

Market multiples and performance

SERI – Market multiples

Company name	HQ	PX (Lc. C.)	Mkt C. (€ mn)	EV/EBITDA			EV/EBIT			PE		
				2021A	2022E	2023E	2021A	2022E	2023E	2021A	2022E	2023E
SERI @ our TP	IT	9.8	301	28.2x	28.5x	13.6x	n.m.	-436.5x	28.0x	n.m.	-105.3x	41.5x
SERI @ our est.	IT	6.0	301	19.1x	19.5x	9.4x	n.m.	-299.6x	19.2x	n.m.	-64.5x	25.4x
SERI @ cons. est.	IT	6.0	301	19.1x	11.0x	7.5x		28.9x		n.m.	42.9x	14.3x
VARTA	DE	32.8	1,441	5.3x	8.9x	8.4x	8.1x	20.5x	19.7x	10.5x	25.2x	23.2x
EnerSys	US	62.4	2,486							15.0x	12.6x	9.8x
Exide Industries	IN	2.0	1,705	9.2x	7.9x	6.6x	12.9x	11.0x	9.0x	17.3x	14.4x	11.2x
GS Yuasa	JP	16.5	1,370	5.9x	4.8x	4.5x	10.7x	8.0x	7.2x	21.1x	14.0x	11.1x
Ganfeng Lithium	CN	7.3	21,600	22.0x	4.9x	4.4x	22.2x	4.9x	4.4x	19.4x	5.5x	5.4x
Umicore	BE	29.7	7,311	6.5x	7.3x	7.9x	8.4x	9.8x	11.4x	10.7x	12.4x	14.0x
Contemp Amperex	CN	59.7	152,182	39.5x	23.8x	15.3x	51.6x	31.4x	19.8x	61.2x	40.7x	26.1x
LG Chem	KR	393.7	30,824	6.7x	6.9x	5.8x	10.4x	13.5x	11.1x	10.9x	15.9x	12.5x
Samsung SDI	KR	406.7	29,854	16.9x	12.6x	10.2x	36.0x	23.2x	18.1x	31.8x	22.7x	18.7x
SK Innovation	KR	107.1	10,295	7.0x	3.2x	4.5x	13.2x	4.1x	6.9x	37.0x	4.0x	6.1x
Average				13.2x	8.9x	7.5x	19.3x	14.0x	11.9x	23.5x	16.7x	13.8x

Source: FactSet

SERI – Share price performance (total return)

	-1m	-3m	-6m	YTD	-1y	-2y	-3y	Oct-20
SERI	-12.4%	-14.8%	-25.2%	-38.1%	-19.2%	+72.7%	+228.8%	+73.4%
VARTA	-54.5%	-61.9%	-63.8%	-70.5%	-71.4%	-71.2%	-61.3%	-70.0%
EnerSys	-6.1%	-1.0%	-19.8%	-22.9%	-21.6%	-4.1%	-7.7%	-16.7%
Exide Industries	-3.1%	+12.1%	+1.5%	-4.5%	-13.3%	-0.7%	-16.0%	-1.1%
GS Yuasa	-9.8%	+6.2%	-3.9%	-8.7%	-10.4%	+28.7%	+30.7%	+26.8%
Ganfeng Lithium	-25.3%	-37.8%	-31.3%	-35.8%	-43.4%	+110.6%	+541.5%	+79.1%
CATL	-9.1%	-11.1%	-23.0%	-15.8%	-40.7%	-12.8%	-13.0%	-20.0%
Contemp Amperex	-17.6%	-24.0%	-16.9%	-29.2%	-18.7%	+118.1%	+485.3%	+77.9%
LG Chem	-11.4%	+0.2%	+3.8%	-11.2%	-27.7%	-10.2%	+88.0%	-16.2%
Samsung SDI	-3.8%	-0.9%	+4.3%	-13.9%	-23.1%	+37.3%	+155.4%	+28.6%
SK Innovation	-27.0%	-25.2%	-27.9%	-37.7%	-40.3%	+6.9%	-7.6%	+1.1%
MARKET (FTSE MIB)	-4.3%	-4.4%	-14.6%	-23.3%	-19.8%	+12.1%	-4.8%	+6.3%
PEERS	-16.8%	-14.3%	-17.7%	-25.0%	-31.1%	+20.3%	+119.5%	+9.0%
SERI vs MARKET	-8.1%	-10.4%	-10.5%	-14.7%	+0.5%	+60.6%	+233.6%	+67.1%
SERI vs PEERS	+4.4%	-0.4%	-7.5%	-13.0%	+11.8%	+52.4%	+109.2%	+64.4%

Source: FactSet

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	SERI INDUSTRIAL		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	9.80	Previous Target (Eu):	12.80
Current Price (Eu):	6.00	Previous Price (Eu):	6.77
Date of report:	29/09/2022	Date of last report:	10/05/2022

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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 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

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- 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:	48.78 %
NEUTRAL:	27.64 %
UNDERPERFORM	01.63 %
SELL:	00.00 %

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OUTPERFORM:	57.69 %
NEUTRAL:	17.31 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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