SECO

Technology

Going All-In on APAC

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SECO is a global tech group delivering AIoT solutions via advanced edge systems and its proprietary Clea platform. Backed by strong R&D and targeted M&A, it ranks among the top 5 in embedded edge computing worldwide.

FAIR VALUE (€)	**4.63**
MARKET PRICE (€) (*)	**4.51**
MARKET CAP (€mn)	**534.1**

Qiyang: Expanding the APAC Platform

SECO announced this morning a binding agreement to acquire 60% of **Zhejiang Qiyang Intelligent Technology**, a Hangzhou-based developer of standard and custom edge computing hardware serving industrial automation, energy and EV charging, robotics, medical and smart retail, with ~80 employees, over half of whom are dedicated to R&D. The consideration amounts to €9.0mn in cash at closing, plus an earn-out of up to €3.0mn tied to FY27–28 revenue targets, while put & call options on the remaining 40% will be exercisable from 2029. Qiyang posted ~€12mn revenues in FY25 with an Adj. EBITDA margin above 10% and expects ~+50% sales growth in FY26 at a ~15% margin, implying, on our calculations, an attractive ~5.6x FY26 EV/EBITDA (~7.4x including the full earn-out). The deal strengthens SECO's local R&D and customer base in a region worth only 9% of 1H26 sales.

Fannal and SECO Asia: Simplifying the Structure

In parallel, SECO will acquire the remaining 45% of **Fannal Electronics**, the Hangzhou-based HMI and touch display specialist controlled since 2019, for €23.0mn. The amount is payable in three cash tranches by YE27, subject to a price adjustment linked to FY26 targets and an earn-out of up to €0.5mn on FY27 results, with the selling shareholders remaining in the company under non-compete obligations. Fannal posted FY25 revenues of €27.0mn (41% intragroup) and Adj. EBITDA of €7.7mn (28.5% margin), with the price implying ~5.3x FY26 EV/EBITDA. SECO will also exercise its vested call on Simest's 49% of **SECO Asia** at nominal value (~€3.4mn). As Fannal is held through SECO Asia, SECO currently owns only ~28% of it: the two deals will bring SECO to full ownership of Fannal and SECO Microelectronics, virtually eliminating group minorities (€3.2mn of FY25 net profit).

Fair Value Confirmed at €4.63 p/s, Pending the Call

We view the transactions as **strategically sound and value-creating**, with assets acquired at ~5–6x EV/EBITDA — well below SECO's own trading multiples — and expected to be double-digit accretive at the group EPS level, mainly thanks to the minority buy-out. On our preliminary calculations, still to be verified, the ~€35mn total cash outlay should bring PF FY27E leverage to ~1.1x Adj. EBITDA (vs. 0.5x standalone), a manageable level, albeit with a higher exposure to China. For the time being, we keep our estimates unchanged ahead of the 9M26 results conference call on 9 November, which should shed further light on the deals, with our FV standing at €4.63 p/s, implying 12.0x FY27E Adj. EV/EBITDA.

KEY FINANCIALS	FY25	FY26E	FY27E
NET SALES	197.6	219.4	260.2
ADJ. EBITDA	40.2	44.8	56.2
ADJ. EBIT	21.4	23.7	33.5
ADJ. NET PROFIT	13.1	15.0	21.4
NET EQUITY	294.5	308.2	329.0
ADJ. NET DEBT (-) / NET CASH (+)	-37.6	-44.4	-27.8
ADJ. EPS	0.10	0.11	0.16
DPS	0.00	0.00	0.00

Source: SECO (historial figures), Value Track (estimates)

RATIOS AND MULTIPLES	FY25	FY26E	FY27E
ADJ. EBITDA MARGIN (%)	20.3	20.4	21.6
ADJ. EBIT MARGIN (%)	10.8	10.8	12.9
ADJ. NET DEBT / ADJ EBITDA (x)	0.9	1.0	0.5
ADJ NET DEBT / NET EQUITY (x)	0.1	0.1	0.1
ADJ. ROE (%)	3.6	3.7	5.4
EV / SALES (x)	2.3	3.1	2.5
EV / EBITDA ADJ. (x)	11.4	15.1	11.7
EV / EBIT ADJ. (x)	21.5	28.5	19.7
P / E ADJ. (x)	29.7	40.0	28.1

Source: SECO (historial figures), Value Track (estimates)

STOCK DATA	
MARKET PRICE (€)	4.51
NOSH (mn)	133.0
MARKET CAP (€mn)	599.9
ENTERPRISE VALUE (€mn)	676.2
FREE FLOAT (%)	27.9
AVG L30D VOLUME	291,032
RIC / BBG	IOT.MI / IOT IM
52 WK MAX (€)	4.86
52 WK MIN (€)	2.23

Source: Stock Market Data, (*) Stock Price as of 30/10/26

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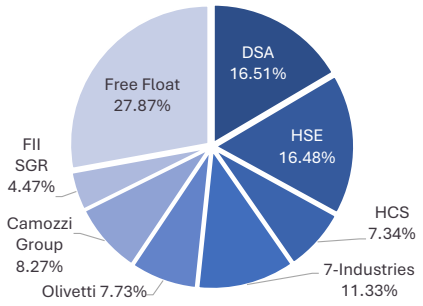
Description

SECO is a global technology group specializing in integrated edge-to-cloud solutions for the AI Internet of Things (AIoT).

With over 800 professionals, 5 production sites, and 9 R&D centers, it serves 450+ clients across key verticals such as vending, industrial automation, fitness, and medical.

Its offering combines customized, value-added edge systems with Clea, a proprietary AI-powered platform that transforms field data into actionable insights and recurring revenues. Backed by robust in-house R&D and a track record of 8 M&A deals since 2018, SECO is recognized among the world's top 5 players in embedded edge computing.

SHAREHOLDERS' STRUCTURE



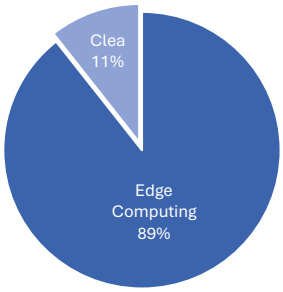
Source: SECO

Financial Highlights

KEY FINANCIALS (IAS, €mn)	FY25	FY26E	FY27E	FY28
Net Sales	**197.6**	**219.4**	**260.2**	**300.7**
YoY (%)	*8%*	*11%*	*19%*	*16%*
Adj. EBITDA	**40.2**	**44.8**	**56.2**	**67.3**
Adj. EBITDA Margin (%)	*20%*	*20%*	*22%*	*22%*
Adj. EBIT	**21.4**	**23.7**	**33.5**	**46.5**
Adj. EBIT Margin (%)	*11%*	*11%*	*13%*	*15%*
Adj. Net Profit	**13.1**	**15.0**	**21.4**	**32.5**
YoY (%)	*836%*	*14%*	*42%*	*52%*
Adj. Total Comprehensive Income	**10.8**	**12.9**	**21.4**	**32.5**
YoY (%)	*-34%*	*19%*	*66%*	*52%*
Adj. Net Financial Position	**-37.6**	**-44.4**	**-27.8**	**-13.9**
Adj. Net. Fin. Pos. / EBITDA (x)	*0.9*	*1.0*	*0.5*	*0.2*
Capex	-18.0	-28.2	-26.0	-27.0
OpFCF b.t.	**22.5**	**-0.8**	**28.0**	**28.0**
OpFCF b.t. / Adj. EBITDA (%)	*56%*	*-2%*	*50%*	*42%*

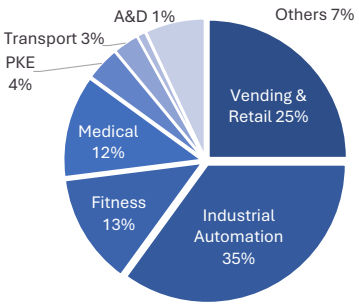
Source: SECO, Value Track Analysis

NET SALES BY SOLUTION



Source: SECO, FY25

NET SALES BY VERTICAL



Source: SECO, FY25

Investment Case

Strengths / Opportunities

- Fully integrated IoT offering, from edge computing to software stack;
- Exposure to secular growth drivers (e.g., digital transformation and AI);
- Diversified and loyal customer base with long-term relationships;
- Highly fragmented market enables selective M&A.

Weaknesses / Risks

- Smaller scale vs. global competitors;
- Sensitive to macroeconomic swings and industrial capex cycles;
- Dependence on electronic components shortages and price volatility.

STOCK MULTIPLES @ FV	FY26E	FY27E
EV / SALES (x)	3.2	2.6
EV / EBITDA ADJ. (x)	15.5	12.0
EV / EBIT ADJ. (x)	29.2	20.1
EV / CAP. EMPLOYED	2.0	1.9
OpFCF Yield (%)	-0.1	4.1
P / E ADJ. (x)	41.1	28.8
P / BV (x)	2.0	1.9
Dividend Yield (%)	0.0	0.0

Source: Value Track Analysis

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