SECO

Technology

A Record Quarter Sets the Pace

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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 (€)	**5.10**
MARKET PRICE (€) (*)	**4.79**
MARKET CAP (€mn)	**637.2**

3Q26 Results: Sales +24% YoY, Operating Leverage Kicks In

SECO's 3Q26 results marked a strong acceleration, with record quarterly figures across all main metrics. Net Sales came in at €59.6mn (+24% YoY), in line with the ~€60mn guidance, while Adj. EBITDA reached €14.7mn (+38% YoY), with a 24.7% margin (+250bps YoY), as operating leverage more than offset a lower GPM (52.6%, -210bps YoY) amid higher memory prices. Adj. Net Debt stood at €48.1mn, vs. €37.6mn at FY25 and broadly stable vs. 1H26 (€47.7mn). The increase mainly reflects NWC absorption from strategic memory purchases (inventories +€20.9mn, partly offset by a €16.6mn increase in trade payables) and €10.1mn of extra capex for the new Arezzo plant and Hangzhou production lines. Leverage stood at 1.1x LTM Adj. EBITDA.

Conference Call: Building a Stronger APAC Platform

During the conference call, management reported solid momentum, with backlog up 42% YoY and a 1.2x book-to-bill (Oct-YTD), and unveiled Clea 2.0, its new agentic Edge AI framework. Updates were also provided on Qiyang (€9mn for 60%, plus up to €3mn earn-out), Fannal (€23mn for the remaining 45%) and the call option on Simest's 49% stake in SECO Asia. Qiyang adds local R&D capabilities and customers, while Fannal brings full ownership of a highly profitable asset. FY27 revenue guidance is expected in December 2026.

Estimates Revision FY26E-FY28E

Following the 9M26 results and announced M&A transactions, we revise our forecasts to reflect slightly higher standalone profitability and Qiyang's contribution from 2Q27, with 60% consolidated. FY26E Net Sales and Adj. EBITDA stand at €218.7mn and €47.2mn, respectively (vs. €219.4mn and €44.8mn previously), rising to €276.7mn and €61.9mn in FY27E (vs. €260.2mn and €56.2mn). The buyout of Fannal and SECO Asia minorities will not affect consolidated EBITDA but will increase earnings attributable to SECO shareholders. FY27E Net Debt is estimated at €57.1mn, including acquisition-related cash outflows.

Fair Value Raised to €5.10 p/s (from €4.63)

We raise our Fair Value to €5.10 p/s (from €4.63 p/s), reflecting the improved earnings outlook and the contribution from Qiyang, alongside a higher valuation for Clea. Our SOTP valuation is based on 12.3x FY26E Adj. EV/EBITDA for Edge Computing and 4.2x FY26E EV/Sales for Clea, both applied to FY27E estimates. The resulting €712mn Equity Value incorporates €57.1mn of FY27E Net Debt, including acquisition-related cash outflows, and implies 12.0x FY27E Adj. EV/EBITDA.

KEY FINANCIALS	FY25	FY26E	FY27E
NET SALES	197.6	218.7	276.7
ADJ. EBITDA	40.2	47.2	61.9
ADJ. EBIT	21.4	26.4	37.5
ADJ. NET PROFIT	13.1	17.0	23.4
NET EQUITY	294.5	310.3	306.8
ADJ. NET DEBT (-) / NET CASH (+)	-37.6	-42.1	-57.1
ADJ. EPS	0.10	0.13	0.18
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	21.6	22.4
ADJ. EBIT MARGIN (%)	10.8	12.1	13.6
ADJ. NET DEBT / ADJ EBITDA (x)	0.9	0.9	0.9
ADJ NET DEBT / NET EQUITY (x)	0.1	0.1	0.2
ADJ. ROE (%)	3.6	4.4	7.4
EV / SALES (x)	2.3	3.2	2.5
EV / EBITDA ADJ. (x)	11.4	15.0	11.3
EV / EBIT ADJ. (x)	21.5	26.8	18.7
P / E ADJ. (x)	29.7	37.4	27.2

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

STOCK DATA	
MARKET PRICE (€)	4.79
NOSH (mn)	133.0
MARKET CAP (€mn)	637.2
ENTERPRISE VALUE FY26E (€mn)	705.9
FREE FLOAT (%)	27.9
AVG L30D VOLUME	296,454
RIC / BBG	IOT.MI / IOT IM
52 WK MAX (€)	4.86
52 WK MIN (€)	2.23

Source: Stock Market Data, (*) Stock Price as of 09/11/26

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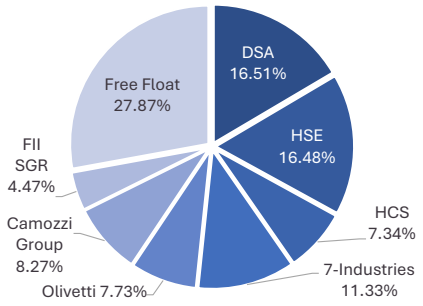
Description

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. Leveraging its in-house R&D capabilities and a track record of around 10 M&A deals since 2018, SECO ranks among the world's top five players in embedded edge computing.

SHAREHOLDERS' STRUCTURE



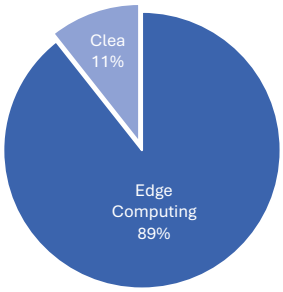
Source: SECO

Financial Highlights

KEY FINANCIALS (IAS, €mn)	FY25	FY26E	FY27E	FY28E
Net Sales	**197.6**	**218.7**	**276.7**	**325.6**
YoY (%)	*8%*	*11%*	*26%*	*18%*
Adj. EBITDA	**40.2**	**47.2**	**61.9**	**74.1**
Adj. EBITDA Margin (%)	*20%*	*22%*	*22%*	*23%*
Adj. EBIT	**21.4**	**26.4**	**37.5**	**49.4**
Adj. EBIT Margin (%)	*11%*	*12%*	*14%*	*15%*
Adj. Net Profit	**13.1**	**17.0**	**23.4**	**33.6**
YoY (%)	*nm*	*30%*	*38%*	*43%*
Adj. Total Comprehensive Income	**10.8**	**14.9**	**23.4**	**33.6**
YoY (%)	*-34%*	*38%*	*57%*	*43%*
Adj. Net Financial Position	**-37.6**	**-42.1**	**-57.1**	**-40.9**
Adj. Net. Fin. Pos. / EBITDA (x)	*0.9*	*0.9*	*0.9*	*0.6*
Capex	-18.0	-27.0	-26.6	-27.9
OpFCF b.t.	**22.5**	**2.9**	**26.3**	**32.1**
OpFCF b.t. / Adj. EBITDA (%)	*56%*	*6%*	*42%*	*43%*

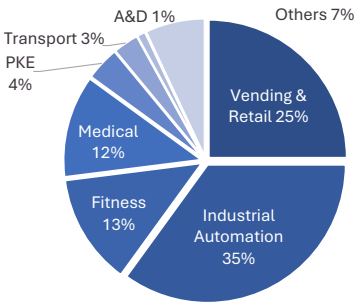
Source: SECO, Value Track Analysis

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)	3.4	2.7
EV / EBITDA ADJ. (x)	15.8	12.0
EV / EBIT ADJ. (x)	28.3	19.8
EV / CAP. EMPLOYED	2.1	2.0
OpFCF Yield (%)	0.4	3.5
P / E ADJ. (x)	39.9	29.0
P / BV (x)	2.4	2.2
Dividend Yield (%)	0.0	0.0

Source: Value Track Analysis

3Q26/9M26 Financial Results

Key Figures & Messages

SECO's **3Q26 results** marked a strong acceleration, with record quarterly figures across all main metrics. In detail, 3Q26 results show:

- **Net Sales** at €59.6mn, +24% YoY vs. €48.0mn in 3Q25, in line with the ~€60mn 3Q26 guidance. Growth also accelerated sequentially (+19% QoQ), driven by Edge Computing (€56.1mn, +29% YoY), with A&D (+59% QoQ), Medical (+44% QoQ) and Industrial (+19% QoQ) as the most dynamic end-markets, and the USA (+62% QoQ) and Germany (+14% QoQ) leading at regional level;
- **Gross Profit** at €31.4mn, +19% YoY, with GPM at 52.6% (-210bps YoY vs. 54.7% in 3Q25). The YoY margin dilution came amid higher memory prices and a challenging supply chain, with 9M26 GPM broadly stable at 53.6% (53.8% in 9M25);
- **Adj. EBITDA** at €14.7mn, +38% YoY (€10.7mn in 3Q25), i.e. 24.7% margin (+250bps YoY vs. 22.2% in 3Q25). Operating leverage kicked in, with OPEX ex-NRI at 28.4% (vs. 38.5% in 2Q26), more than offsetting higher personnel costs linked to R&D hiring;
- **Adj. Net Debt** at €48.1mn, vs. €37.6mn at FY25 and €47.7mn in 1H26. The increase vs. FY25 mainly reflects NWC absorption, with inventories up €20.9mn on strategic memory purchases (partly offset by €16.6mn higher trade payables), and €10.1mn extraordinary capex for the new Arezzo plant and the new Hangzhou lines. Leverage stood at 1.1x LTM Adj. EBITDA.

SECO: Key Financials 9M25-9M26

Key Financials (IAS, €mn)	3Q25	3Q26	YoY	9M25	9M26	YoY
Net Sales	**48.0**	**59.6**	***24%***	**146.4**	**158.3**	***8%***
Gross Profit	**26.3**	**31.4**	***19%***	**78.8**	**84.9**	***8%***
Gross Margin (%)	*54.7%*	*52.6%*	*-210bps*	*53.8%*	*53.6%*	*-20bps*
Adj. EBITDA	**10.7**	**14.7**	***38%***	**30.8**	**33.2**	***8%***
Adj. EBITDA Margin (%)	*22.2%*	*24.7%*	*250bps*	*21.0%*	*21.0%*	*0bps*
Adj. Net Debt	**37.6 (*)**	**48.1**	***nm***	**37.6 (*)**	**48.1**	***nm***

Source:SECO, Value Track Analysis, (*) FY25

Additional takeaways coming from the **Management Conference Call** were:

- **Regional and business-line performance,** with 9M26 volume growth well distributed across geographies (EMEA 75%, USA 15%, APAC 10%), Southern Europe and APAC outperforming, and a positive trend in Industrial, A&D, Medical and Fitness. Edge Computing at €147.3mn (+13% YoY) and Clea at €11.0mn (-34% YoY), with recurring revenues at 68% of Clea's total (€7.5mn, +18% YoY) and Clea ARR up 30% YoY in 3Q26;
- **Product roadmap,** centered on the launch of Clea 2.0 and on stronger silicon and channel partnerships, including:
  - *Clea 2.0, the new agentic Edge AI framework simplifying AI deployment, with 150+ ready-to-use algorithms, no-code AI development tools and CRA/RED cybersecurity compliance;*
  - *a scalable Edge AI hardware portfolio built on Qualcomm (Dragonwing), Intel, NXP and MediaTek platforms;*
  - *a go-to-market leveraging channel partners such as Avnet for off-the-shelf products, with Clea monetized through annual subscriptions and pay-per-use models.*
- **Production capacity,** with €10.1mn of extraordinary capex in 9M26 (new plant near the Arezzo HQ and new lines in Hangzhou);
- **Qiyang and Fannal deals,** aimed at building a stronger APAC platform: SECO will acquire 60% of Qiyang (~€18mn 2026E revenues, ~15% Adj. EBITDA margin, 40+ R&D engineers in Hangzhou) for €9mn plus

up to €3mn earn-out (5.1x 2026E EV/EBITDA) and the remaining 45% of Fannal for €23mn in three tranches by end-2027 (~5.3x 2026E EV/EBITDA), also exercising the call on Simest's 49% stake in SECO Asia at nominal value (€3.4mn);

- **Outlook and guidance,** as management expects 4Q26 to be broadly similar to 3Q26 and the market context to remain favorable in the coming months and will provide official FY27 revenue guidance in December 2026, with backlog up 42% YoY and book-to-bill at 1.2x (both Oct-YTD).

SECO: Order Intake and Book-to-Bill evolution



Source: SECO

SECO: Building a Stronger APAC Platform



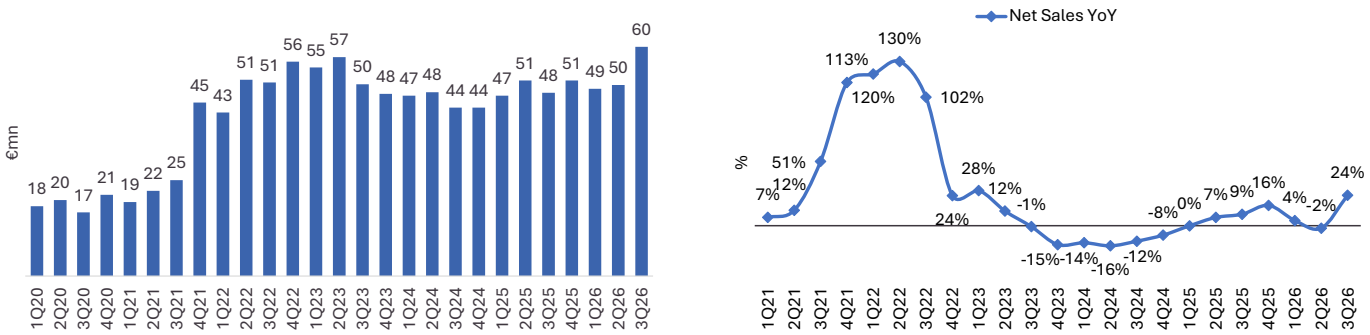
Source: SECO

SECO: Addressing High-Growth Verticals with a Scalable Edge AI Portfolio



Source: SECO

SECO: Net Sales by Quarters



Source: SECO, Value Track Analysis

SECO: Net Sales by Solution 9M25-9M26

Net Sales (IAS, €mn)	3Q25	3Q26	YoY	9M25	9M26	YoY
Edge Computing	**43.5**	**56.1**	***29%***	**129.9**	**147.3**	***13%***
As a % of Total	*90%*	*94%*	*nm*	*89%*	*93%*	*//*
Clea	**4.6**	**3.5**	***-24%***	**16.6**	**11.0**	***-34%***
As a % of Total	*10%*	*6%*	*nm*	*11%*	*7%*	*//*
o/w Recurring	*2.1*	*2.6*	*24%*	*6.4*	*7.5*	*18%*
o/w One-off	*2.5*	*0.9*	*-64%*	*10.2*	*3.5*	*-66%*
Net Sales	**48.0**	**59.6**	***24%***	**146.4**	**158.3**	***8%***

Source:SECO, Value Track Analysis

SECO: Net Sales by Vertical and by Geography 9M26



Source: SECO, Value Track Analysis

SECO: EBITDA Adjustments 9M25-9M26

EBITDA Adjustments (IAS, €mn)	3Q25	3Q26	YoY	9M25	9M26	YoY
EBITDA	**9.5**	**13.8**	***45%***	**25.4**	**29.4**	***16%***
EBITDA Margin (%)	*19.8%*	*23.2%*	*340bps*	*17.4%*	*18.6%*	*120bps*
Exchange Gains / Losses	0.0	0.3	*nm*	0.9	0.9	*-2%*
Income / Charges Non-Core Activities	1.2	0.6	*-50%*	4.5	2.9	*-36%*
Non-Recurring Income / Charges Core Act.	0.0	0.0	*nm*	0.0	0.0	*nm*
Adj. EBITDA	**10.7**	**14.7**	***38%***	**30.8**	**33.2**	***8%***
Adj. EBITDA Margin (%)	***22.2%***	***24.7%***	***250bps***	***21.0%***	***21.0%***	***0bps***

Source:SECO, Value Track Analysis

Financial Statements 9M25-9M26

SECO: Profit & Loss 9M25-9M26

P&L (IAS, €mn)	9M25	9M26	YoY
Net Sales	**146.4**	**158.3**	***8%***
Consumption Costs (incl. Δ Inventory)	-67.7	-73.4	*8%*
Adjustments	0.0	0.0	*nm*
Gross Profit	**78.8**	**84.9**	***8%***
Gross Profit Margin (%)	*53.8%*	*53.6%*	*-20bps*
Costs for Services	-18.1	-19.4 (*)	*7%*
Personnel Costs	-32.2	-34.4	*7%*
Other Revenue / Costs / Adjustments	2.4	2.1 (*)	*-13%*
Adj. EBITDA	**30.8**	**33.2**	***8%***
Adj. EBITDA Margin (%)	*21.0%*	*21.0%*	*0bps*
D&A	-16.6	-17.9	*8%*
Others / Adjustments	3.0	3.0	*nm*
Adj. EBIT	**17.2**	**18.3**	***6%***
Adj. EBIT Margin (%)	*11.7%*	*11.6%*	*-10bps*
Net Financial Charges (incl. FX)	-3.5	-3.4	*-1%*
Taxes	-1.7	-1.5	*-11%*
Adjustments	-0.7	-0.7	*nm*
Adj. Net Profit	**11.4**	**12.7**	***12%***

Source: SECO, Value Track Analysis, (*) Our estimate

SECO: Balance Sheet 9M25-9M26

Balance Sheet (IAS, €mn)	FY25	9M26
Net Fixed Assets	296.8	299.1
Net Working Capital	66.3	83.5
Provisions	31.0	28.1
Total Capital Employed	**332.1**	**354.5**
Group Net Equity	**294.5**	**306.4**
Adj. Net Financial Position	**-37.6**	**-48.1**

Source: SECO, Value Track Analysis

SECO: Cash Flow Statement 9M25-9M26

Cash Flow Statement (IAS, €mn)	9M25	9M26
Adj. EBITDA	**30.8**	**33.2**
Δ Net Working Capital (incl. Prov.)	-14.2	-20.1
Capex (excl. Fin. Investments)	-15.8	-20.0
OpFCF (b.t.)	**0.8**	**-6.9**
As a % of Adj. EBITDA	*3%*	*-21%*
Cash Taxes	-1.7	-1.5
Net Financial Charges	-3.5	-3.4
Others	-5.6	1.3
Δ Adj. Net Financial Position	**-9.9**	**-10.5**

Source: SECO, Value Track Analysis

Forecasts FY26E-28E Revision

Estimates Review

Following SECO's 9M26 results, we have revised upwards our FY26E-28E estimates, mainly reflecting a slightly more positive profitability outlook for the standalone business and the inclusion of the announced M&A transactions. While FY26E revenues remain broadly unchanged, our FY27E-28E estimates incorporate Qiyang from 2Q27 onwards, while the acquisition of Fannal's remaining stake increases earnings attributable to SECO shareholders.

That said, our revised forecasts reflect:

- **Net Sales** broadly unchanged at €218.7mn in FY26E (from €219.4mn), increasing to €276.7mn in FY27E (from €260.2mn) and €325.6mn in FY28E (from €300.7mn). The increase in FY27E-28E mainly reflects the consolidation of Qiyang, contributing €16.5mn and €25.0mn of revenues, respectively, while Fannal is already fully consolidated at revenue level;
- **Adj. EBITDA** increasing to €47.2mn in FY26E (from €44.8mn), with a 21.6% margin (from 20.4%), €61.9mn in FY27E (from €56.2mn) and €74.1mn in FY28E (from €67.3mn). The revision reflects a moderate improvement in standalone profitability assumptions, supported by the operating leverage observed in 3Q26, as well as the contribution of Qiyang, whose EBITDA is estimated at €2.5mn in FY27E and €4.0mn in FY28E;
- **Adj. Net Debt** at €42.1mn in FY26E (from €44.4mn), €57.1mn in FY27E (from €27.8mn) and €40.9mn in FY28E (from €13.9mn), with leverage at 0.9x, 0.9x and 0.6x Adj. EBITDA, respectively. The higher FY27E net debt mainly reflects acquisition-related cash outflows for Fannal, SECO Asia and Qiyang, with subsequent deleveraging supported by operating cash flow generation.

SECO: Estimates Old vs. New

Key Financials (IAS, €mn)	FY26E			FY27E			FY28E		
	Old	New	Δ	Old	New	Δ	Old	New	Δ
Net Sales	**219.4**	**218.7**	***0%***	**260.2**	**276.7**	***6%***	**300.7**	**325.6**	***8%***
Adj. EBITDA	**44.8**	**47.2**	***5%***	**56.2**	**61.9**	***10%***	**67.3**	**74.1**	***10%***
Adj. EBITDA Margin (%)	*20.4%*	*21.6%*	*116bps*	*21.6%*	*22.4%*	*75bps*	*22.4%*	*22.7%*	*36bps*
Adj. EBIT	**23.7**	**26.4**	***11%***	**33.5**	**37.5**	***12%***	**46.5**	**49.4**	***6%***
Adj. EBIT Margin (%)	*10.8%*	*12.1%*	*123bps*	*12.9%*	*13.6%*	*68bps*	*15.5%*	*15.2%*	*-31bps*
Adj. Net Profit	**15.0**	**17.0**	***13%***	**21.4**	**23.4**	***10%***	**32.5**	**33.6**	***3%***
Adj. Net Debt	**-44.4**	**-42.1**	***2.3***	**-27.8**	**-57.1**	***-29.4***	**-13.9**	**-40.9**	***-27.0***
Net Financial Position	**-55.9**	**-53.6**	***2.3***	**-39.3**	**-68.6**	***-29.4***	**-25.4**	**-52.4**	***-27.0***

Source: Value Track Analysis

Key Forecasts & Drivers

Our revised estimates point to a stronger growth and profitability trajectory over the forecast period.

By FY28E, we forecast:

- Net Sales of €325.6mn, implying a FY25-28E CAGR of ~18%;
- Adj. EBITDA of €74.1mn, implying a ~23% CAGR and a 22.7% margin, vs. 20.3% in FY25;
- Adj. Net Debt of €40.9mn, equal to ~0.6x Adj. EBITDA.

This trajectory is mainly driven by:

1# Backlog-Driven Revenue Growth. The positive commercial momentum observed in 3Q26, supported by a 42% YoY increase in backlog and a 1.2x book-to-bill ratio (Oct-YTD), provides improved visibility on the revenue outlook. Our estimates also incorporate Qiyang's contribution from 2Q27, accounting for nine months of consolidation in FY27 and a full-year contribution in FY28;

2# Margin Expansion. We have slightly upgraded our standalone profitability assumptions, factoring in the operating leverage showed in 3Q26 and the expected benefits from a more efficient cost structure. Standalone Adj. EBITDA margin is expected to increase to 23.3% by FY28E. At Group level, the inclusion of Qiyang, whose EBITDA margin is initially assumed at 15-16%, partially dilutes the overall margin expansion;

3# M&A Integration and Balance Sheet Evolution. The acquisitions of the remaining 45% of Fannal and Simest's 49% stake in SECO Asia, effective from January 2027, will eliminate the related minority interests. Qiyang will be consolidated at 60% from 2Q27, with the remaining 40% reflected as minorities. Although the acquisition-related cash outflows will temporarily increase net debt in FY27E, operating cash flow generation is expected to support subsequent deleveraging.

SECO: Net Sales by Solution FY25-28E

Net Sales (IAS, €mn)	FY25	FY26E	FY27E	FY28E	CAGR
Edge Computing	**176.6**	**203.5**	**252.7**	**283.8**	***17%***
YoY	*9%*	*15%*	*24%*	*12%*	*//*
As a % of Total	*89%*	*93%*	*91%*	*87%*	*//*
Clea	**21.0**	**15.2**	**24.0**	**41.8**	***26%***
YoY	*-2%*	*-27%*	*58%*	*74%*	*//*
As a % of Total	*11%*	*7%*	*9%*	*13%*	*//*
Net Sales	**197.6**	**218.7**	**276.7**	**325.6**	***18%***
YoY	***8%***	***11%***	***26%***	***18%***	***//***

Source: SECO, Value Track Analysis

Financial Statements FY25-28E

SECO: Profit & Loss FY25-28E

P&L (IAS, €mn)	FY25	FY26E	FY27E	FY28E	CAGR
Net Sales	**197.6**	**218.7**	**276.7**	**325.6**	***18%***
Consumption Costs (incl. Δ Inventory)	-91.7	-102.1	-127.2	-148.6	*17%*
Adjustments	0.0	0.0	0.0	0.0	*-100%*
Adj. Gross Profit	**105.9**	**116.6**	**149.5**	**177.1**	***19%***
Adj. Gross Profit Margin (%)	*53.6%*	*53.3%*	*54.0%*	*54.4%*	*78bps*
Costs for Services	-24.3	-24.7	-28.5	-35.8	*14%*
Personnel Costs	-44.1	-45.2	-51.2	-58.7	*10%*
Other Revenue / Costs / Adjustments	2.7	0.5	-8.0	-8.4	*-246%*
Adj. EBITDA	**40.2**	**47.2**	**61.9**	**74.1**	***23%***
Adj. EBITDA Margin (%)	*20.3%*	*21.6%*	*22.4%*	*22.7%*	*240bps*
D&A	-24.3	-23.7	-25.7	-24.7	*0%*
Others / Adjustments	5.5	2.9	1.4	0.0	*-100%*
Adj. EBIT	**21.4**	**26.4**	**37.5**	**49.4**	***32%***
Adj. EBIT Margin (%)	*10.8%*	*12.1%*	*13.6%*	*15.2%*	*434bps*
Net Financial Charges (incl. FX)	-8.3	-4.6	-5.5	-3.2	*-27%*
Taxes	-1.4	-4.1	-8.6	-12.6	*107%*
Adjustments	1.4	-0.7	0.0	0.0	*-100%*
Adj. Net Profit	**13.1**	**17.0**	**23.4**	**33.6**	***37%***

Source: SECO, Value Track Analysis

SECO: Balance Sheet FY25-28E

Balance Sheet (IAS, €mn)	FY25	FY26E	FY27E	FY28E
Net Fixed Assets	296.8	299.9	302.4	305.6
Net Working Capital	66.3	82.7	92.3	106.9
Provisions	31.0	30.2	30.7	31.2
Total Capital Employed	**332.1**	**352.4**	**364.0**	**381.3**
Group Net Equity	**294.5**	**310.3**	**306.8**	**340.4**
Adj. Net Financial Position	**-37.6**	**-42.1**	**-57.1**	**-40.9**

Source: SECO, Value Track Analysis

SECO: Cash Flow Statement FY25-28E

Cash Flow Statement (IAS, €mn)	FY25	FY26E	FY27E	FY28E
Adj. EBITDA	**40.2**	**47.2**	**61.9**	**74.1**
Δ Net Working Capital (incl. Prov.)	0.3	-17.3	-9.0	-14.1
Capex (excl. Fin. Investments)	-18.0	-27.0	-26.6	-27.9
OpFCF (b.t.)	**22.5**	**2.9**	**26.3**	**32.1**
As a % of Adj. EBITDA	*56%*	*6%*	*42%*	*43%*
Cash Taxes	-1.4	-4.1	-8.6	-12.6
Net Financial Charges	-8.3	-4.6	-5.5	-3.2
Others	-9.0	1.3	-27.2	0.0
Δ Adj. Net Financial Position	**3.7**	**-4.5**	**-15.0**	**16.3**

Source: SECO, Value Track Analysis

Valuation Update

Fair Value p/s at €5.10 (from €4.63)

We raise our **Fair Value to €5.10 p/s** (from €4.63 p/s), based on our SOTP valuation methodology. The upgrade reflects the improved earnings outlook, the inclusion of Qiyang and the higher share of earnings attributable to SECO shareholders following the announced minority buyouts.

In particular:

- **First, improved operating outlook:** we slightly revise upwards our standalone profitability assumptions, reflecting the expected operating leverage from higher volumes and a more efficient cost structure, supporting a higher EBITDA base for the Edge Computing division;
- **Second, M&A-driven value creation:** we incorporate Qiyang from 2Q27E, providing an additional contribution to revenues and EBITDA, while retaining a 40% minority interest. Furthermore, the acquisition of the remaining stakes in Fannal and SECO Asia eliminates the corresponding minority interests, increasing the share of earnings attributable to SECO shareholders from FY27E onwards.

The updated valuation implies an around €63mn increase in Equity Value, driven by improved profitability, Qiyang's contribution and the acquisition of minority interests, already net of around €35mn in acquisition-related cash outflows reflected in Net Debt.

SECO: Peers Trading Multiples

Peers	Mkt Cap (€mn)	EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)		P/E Adj. (x)	
		FY1	FY2	FY1	FY2	FY1	FY2	FY1	FY2
Advantech Co., Ltd.	14,046	4.6	3.8	21.7	17.6	23.4	18.7	27.6	22.9
Adlink Technology Inc.	539	1.4	1.2	10.5	9.1	12.8	10.4	15.4	12.8
Kontron AG	1,199	0.8	0.7	6.2	5.2	11.7	7.8	13.8	9.5
Mercury Systems, Inc.	4,477	5.5	4.8	>30	26.4	>40	>40	<0	>50
Digi International Inc.	2,376	4.8	4.4	17.4	15.2	29.8	23.9	46.3	32.5
Raspberry PI Holdings plc	1,295	2.3	1.9	23.0	22.5	28.2	28.5	44.6	44.8
Lantronix, Inc.	248	2.0	1.7	>30	25.8	>40	29.1	<0	>50
PTC Inc.	19,116	8.4	7.6	17.5	15.4	17.9	16.3	22.5	21.5
Average	**5,412**	**3.7**	**3.3**	**16.0**	**17.2**	**20.6**	**19.2**	**28.4**	**24.0**
Median	**1,835**	**3.4**	**2.8**	**17.5**	**16.5**	**20.7**	**18.7**	**25.1**	**22.2**
SECO	**637**	**3.2**	**2.5**	**15.0**	**11.3**	**26.8**	**18.7**	**37.4**	**27.2**
Premium / Discount vs. Median (%)	*-65%*	*-6%*	*-11%*	*-14%*	*-31%*	*30%*	*0%*	*49%*	*23%*

Source: FactSet

For Edge Computing, we apply a 12.3x EV/EBITDA Adj. FY26E multiple, i.e. a ~30% discount to peers, to FY27E Adjusted EBITDA. Clea is valued at 4.2x FY26E EV/Sales, implying a ~50% discount to PTC's FY1 trading multiple. Note that PTC is currently subject to a takeover agreement with Schneider Electric, which implies a transaction-related premium in its trading valuation.

The resulting FY27E SOTP amounts to €775.6mn in Enterprise Value. After deducting €57.1mn of Net Debt and €6.5mn of adjustments, mainly reflecting the remaining minority interests in Qiyang, Equity Value stands at €712.0mn, corresponding to €5.35 p/s before discounting. We then apply a 5% discount to reflect the fact that the valuation reference period is still some months ahead, resulting in a Fair Value of €5.10 p/s.

SECO: Sum of the Parts FY27E

€mn	HW	SW	GROUP
EV/Sales (x)		4.2	
EV/EBITDA Adj. (x)	12.3		
Enterprise Value	**674.3**	**101.3**	**775.6**
As a % of Total	*87%*	*13%*	*100%*
(-) Net Debt			57.1
(-) Adjustments			6.5
Equity Value			**712.0**
NOSH			133.0
Fair Equity Value p/s (€) – Pre Discount			5.35
Fair Equity Value p/s (€)			**5.10**

Source: SECO, Value Track Analysis

Below, we provide a multiple sensitivity showing different Fair Equity Value per share levels for SECO.

SECO: Multiples Sensitivity

Fair Equity Value p/s (€)	EV/EBITDA Adj. (x)		EV/EBIT Adj. (x)		P/E Adj. (x)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
4.35	13.7	10.4	24.6	17.1	34.0	24.7
4.60	14.4	10.9	25.8	18.0	36.0	26.1
4.85	15.1	11.5	27.1	18.9	37.9	27.6
5.10	**15.8**	**12.0**	**28.3**	**19.8**	**39.9**	**29.0**
5.35	16.5	12.5	29.6	20.6	41.8	30.4
5.60	17.2	13.1	30.9	21.5	43.8	31.8
5.85	17.9	13.6	32.1	22.4	45.7	33.2

Source: Value Track Analysis

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