



# SECO: Q1 2024 Results and Business update presentation

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May 14, 2024



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# Here today

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**Massimo Mauri**

Chief Executive Officer



**Lorenzo Mazzini**

Chief Financial Officer



**Clarence Nahan**

Head of Corp. Dev. & IR

# Key takeaways from 2024 YTD

Clea expansion  
partly mitigating  
Edge slowdown



- **Q1 2024:** Net sales at **€47.2m**, **-14%** vs. Q1 2023
- Clea business at **€7.3m** in Q1 2024 (**15%** of sales), **+14%** vs. Q1 2023

Gross margin  
improvement



- **GPM** incidence at **56.0%** in Q1 2024, **+845 bps** vs. Q1 2023
- **Increased Clea contribution** to Net sales
- Improved **components' market** conditions

Sustain  
profitability



- Adj. EBITDA at **€10.4m** in Q1 2024 (**22.0%** of sales), **-13%** vs. Q1 2023
- Adj. Net Income at **€2.4m** in Q1 2024 (**5.1%** of sales), **-47%** vs. Q1 2023

2024: what  
awaits?



- Destocking nearing completion, Edge computing to run again in H2 '24.
- Positive trend in acquiring **new design wins** and **customers**
- Focus on **profitability** and **Free Cash Flow generation**

# Q1 2024 financial highlights

Q1 23 ⇒ Q1 24

## Net sales

€54.6m ⇒ €47.2m

- Edge computing business contraction due to different market conditions: customers destocking in Q1 2024 vs. high demand against shortage in Q1 2023
- Clea revenue at **€7.3m** in Q1 2024 vs. €6.4m in Q1 2023 (+14%)

## Gross margin

€26.0m ⇒ €26.4m  
 { 47.5% } { 56.0% }

- Margin increase driven by an improved sales mix, with the higher contribution of Clea, coupled with more favorable conditions in the components market
- **+2% growth** in Q1 2024 vs. Q1 2023

## Adj. EBITDA

€12.0m ⇒ €10.4m  
 { 22.0% } { 22.0% }

- Consistency of profitability, with stable incidence on sales thanks to Gross margin effect
- **-13%** in Q1 2024 vs. Q1 2023

## Adj. Net Income

€4.5m ⇒ €2.4m  
 { 8.3% } { 5.1% }

- D&A: +€0.7m higher vs. Q1 2023
- Financial expenses stable vs. Q1 2023
- **-47%** in Q1 2024 vs. Q1 2023

# Net sales

## €47.2m

Q1 2024 Net sales

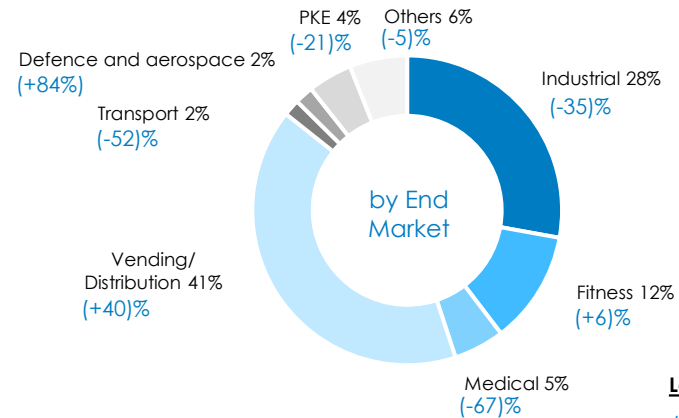
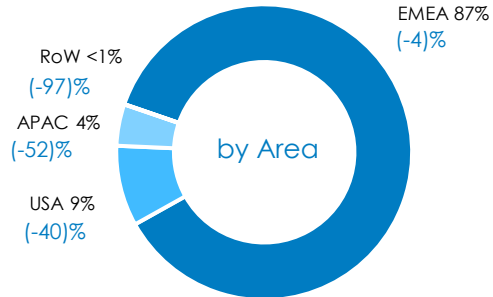
## €7.3m

Q1 2024 Clea revenue

15% of  
Net sales



## Net sales breakdown (Q1 2024)



### Legend

(±...)% Change vs. Q1 2023

- Q1 2024 Net sales decreasing by **14%** vs. Q1 2023
- Sales volume contraction distributed across geographical areas and verticals due to customers' final stages of destocking
- Positive signals from Vending, Fitness and Defence & Aerospace

- Clea business at **€7.3m** revenue in Q1 2024
- **+14%** vs. Q1 2023
- **Recurrent revenue** portion consolidating

Note: percentages may not sum to 100% due to rounding; all numbers in €m are rounded to the closest first decimal place, so there may be deltas for up to ±€0.1m when variation figures are displayed

# Adjusted EBITDA

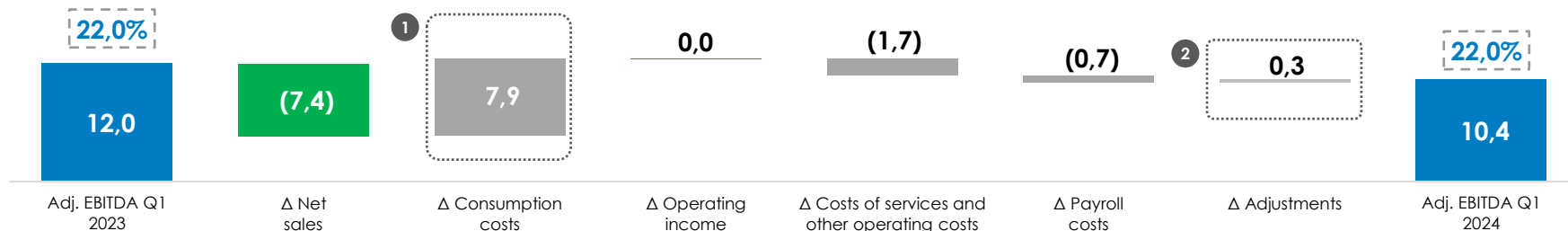
## €10.4m

Q1 2024 Adj. EBITDA

## 22.0%

of Net sales

### Adjusted EBITDA bridge (€m)



#### 1 Gross margin effect

- Gross margin at **56.0% of sales** (up by +2% vs. Q1 2023), mainly thanks to **Clea business expansion** and **improved Edge computing sales mix**, as well as a **decrease in components' price** following market stabilization
- Negative operating leverage effect** offsetting GPM positive contribution due to reduced sales volume

#### 2 Adjustments

- Q1 2024 EBITDA Adjustments (€m)



# Adjusted Net financial position

## Adjusted Net debt last 6 months volution (€m)



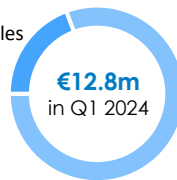
### 1 Q1 2024

- Δ Net working capital mainly due to increase in inventory and trade receivables



### 2 Net debt Adjustments

VAT receivables  
€ 2,5 m



Lease liabilities  
ex-IFRS 16  
€ 10,3 m

### 3 Leverage

- Financial flexibility** to support SECO's future expansion plans

**Leverage**  
(Adj. Net Debt / Adj. EBITDA)

**1.2x**  
Q1 2024





# Business update

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# Unique end-to-end technological solutions

Trusted partner across industries

## AI Services

StudioX

## IoT Software suite

Clea

## Edge computing



Touch  
HMIs



In-house  
manufacturing





# Continuously expanding our Ecosystem



## Valuable collaborations to fuel creativity & boost growth

### NEW PARTNERSHIP

To bring the **Clea** software suite to Industrial & IoT applications



- Clea as the **framework of choice** on Yocto and Zephyr on **NXP** products
- Next steps: joint documentation and common go to market strategy, **accelerating Clea's adoption among NXP users**

Already on board



SECO selected for the IoT Accelerator Program



# Smart Energy Grid

As global **energy demands rise**,  
**digital management solutions** become crucial

## Why digitalize the energy grid?



### Reduced Energy Costs

Lower consumption  
through optimized grid management



### Decreased Maintenance

Automated diagnostics  
extend system lifespans, reducing service needs



### Scalability Savings

Modular designs prevent  
overinvestment in infrastructure



Powered by  
**Qualcomm** AI accelerator



# Road to 2026

## Already working to **double production capacity**



### Inaugurated on January 12, 2024

- **Increased touch display production capacity**
- In-house **System Integration**
- Next step: **PCBA** floor



### New 22.000 sqm plant in Arezzo

- **System Integration** and **PCBA**
- **Automated lines for electronic boards upscaling**: similar technology as in Germany, facilitating production interchange



### Optimization and relocation

- **Hamburg**: **additional production line**
- **Wuppertal**: **larger facility** for increased capacity and **cutting-edge technology**



# Q&A

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# Annex

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# SECO in a snapshot

A worldwide spread center of excellence, with top-tier capabilities



**€210M**  
2023 FY revenue



**Listed on**  
Borsa Italiana's Euronext STAR Milan



**>1M devices**  
manufactured every year



**~ 900 people**



**~ 300 R&D people**  
of which ~180 in AI and software  
development



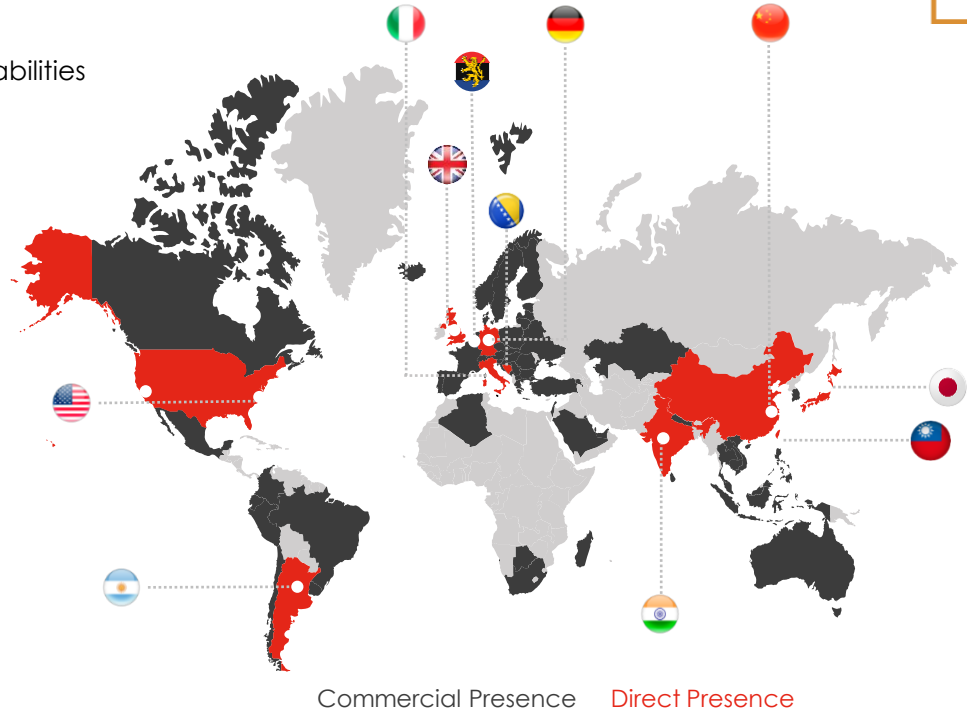
**~ 7-10%**  
of revenue invested in R&D every year



**10 R&D centers**  
**5 production plants**



**11 countries**



**Our  
production  
plants**





# Financials overview

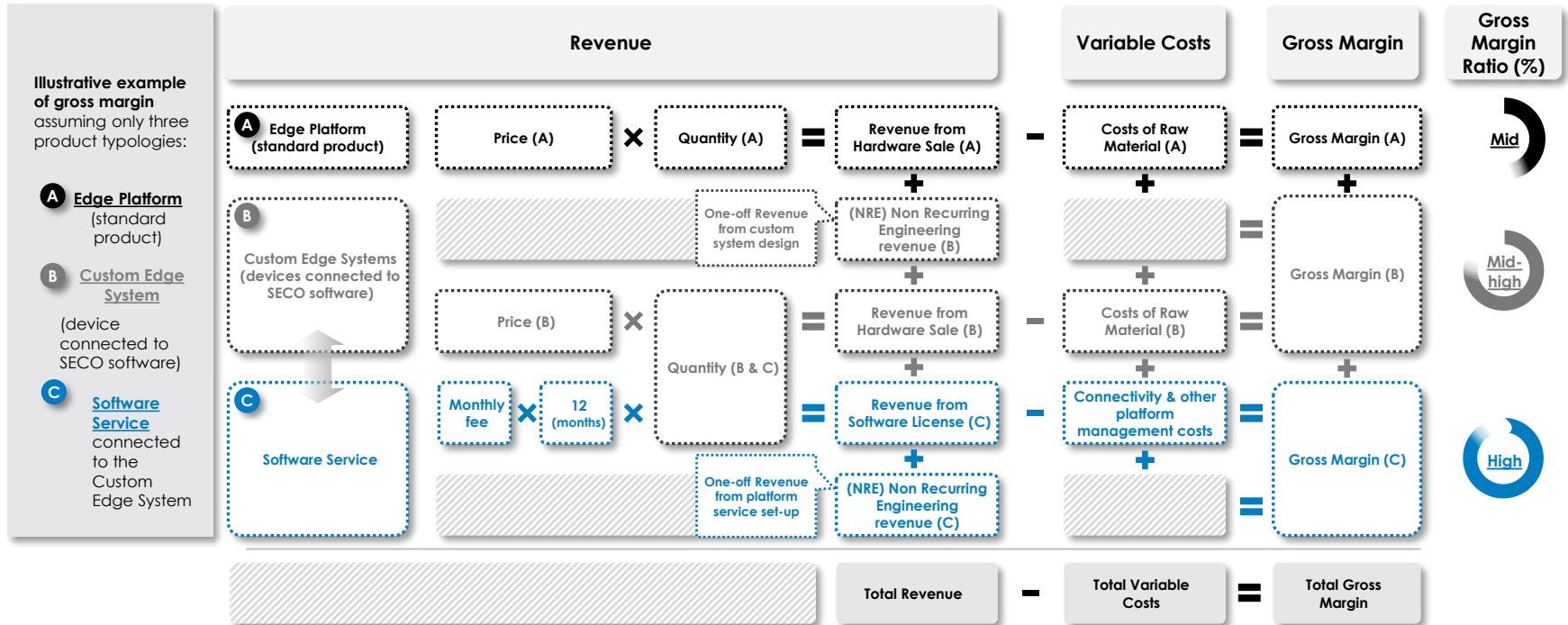
## Income Statement

€mln	Q1 2023	Q1 2024
<b>Net Sales</b>	<b>54,6</b>	<b>47,2</b>
Consumption Costs	(28,6)	(20,8)
<b>Gross Margin</b>	<b>26,0</b>	<b>26,4</b>
% on Net Sales	47,5%	56,0%
Other revenues	1,1	1,2
Personnel costs	(9,2)	(9,9)
Other Opex	(6,6)	(8,6)
Exchange gains/losses	0,0	0,3
<b>EBITDA</b>	<b>11,4</b>	<b>9,5</b>
% on Net Sales	20,8%	20,1%
<b>EBITDA ADJ</b>	<b>12,0</b>	<b>10,4</b>
% on Net Sales	22,0%	22,0%
Depreciation	(4,7)	(5,4)
<b>EBIT</b>	<b>6,7</b>	<b>3,8</b>
% on Net Sales	12,2%	8,0%
Financial expenses	(2,0)	(2,0)
Tax	(1,4)	(1,7)
<b>Net Income</b>	<b>3,3</b>	<b>0,4</b>
% on Net Sales	6,0%	0,9%

## Balance Sheet

€mln	FY 2023	Q1 2024
Net Working Capital	91,4	97,3
Total Fixed Assets	310,9	311,9
Other non-current assets	3,9	4,0
Provisions and other non-current liabilities	(28,6)	(28,7)
<b>Net Invested Capital</b>	<b>377,6</b>	<b>384,5</b>
Net Financial Position	65,1	70,1
<b>Net Financial Position ADJ.</b>	<b>52,0</b>	<b>57,3</b>
Total Equity	312,5	314,3
<b>Total Funds</b>	<b>377,6</b>	<b>384,5</b>

# Revenue and cost model



Note: all other costs (service, personnel, other) are mostly fixed costs

# Business model

## High revenue visibility



Multi-year product life cycle  
(3-5, up to 10+ years)

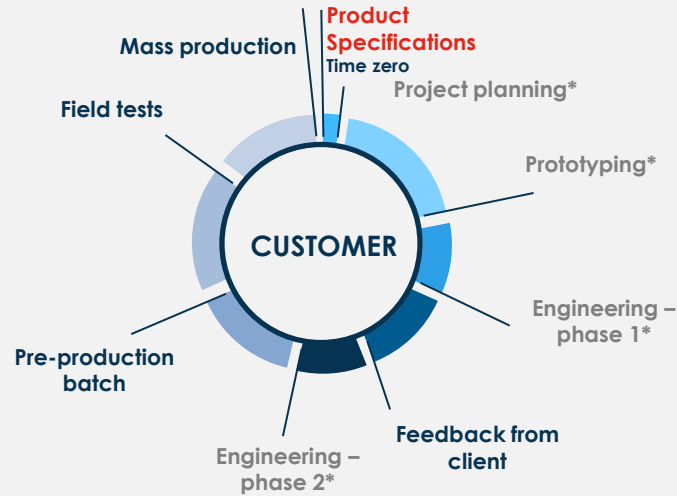
Order backlog coverage  
6-7 months

Forecasts from customers up to  
12 months rolling

Recent design wins will translate into revenue after 5/18 months depending on products' typology

Product development & production process overview

Time to revenue



Standard Products  
5-7 months

Custom Products  
12-18 months

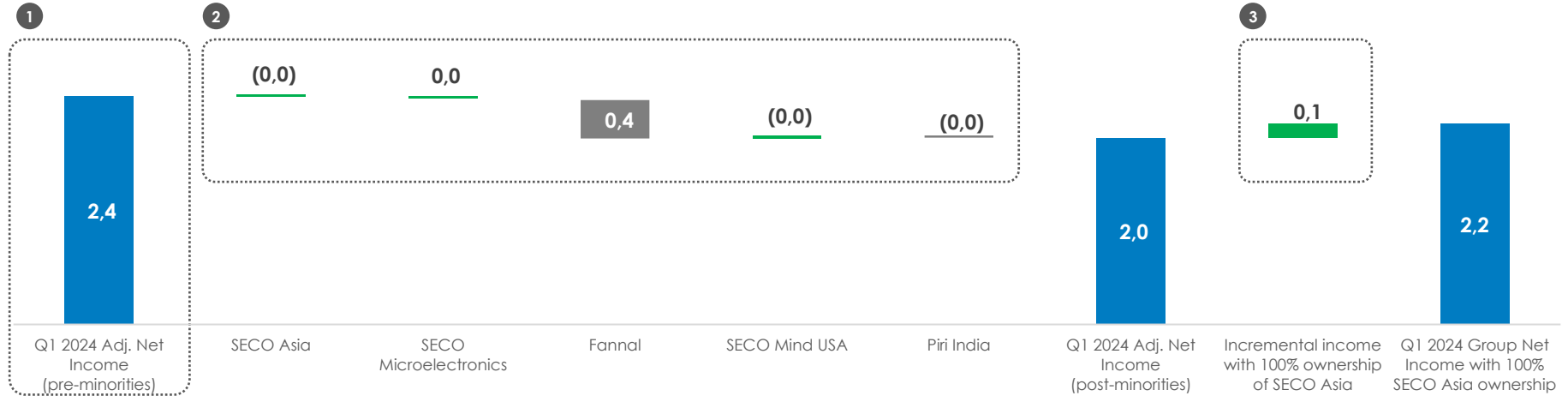
\*Those production steps only refer to custom products



- **High success developing custom products** along with clients thanks to a rigorous planning of activities
- **Continuous interaction with clients** from design to manufacturing
- **Dedicated software services tailored on clients' needs** fully entrenched within product development and production process

# Adjusted Net Income

## Adjusted Net income bridge (€m)



### 1 Adj. Net income

- D&A: +€0.7m higher vs. Q1 2023
- Financial expenses stable vs. Q1 2023

### 2 Minority interests

- Minority stakes attributed to key people of some subsidiaries for incentivization purposes
- In Q1 2024, most of minority interests concentrated into Fannal, in which SECO S.p.A. holds a 28% share (= 51% \* 55%) as illustrated below:



- Put/Call option systems in place for SECO to rise to 100% of all companies at single-digit EBITDA multiples

### 3 Effect of rising to 100% of SECO Asia

- Remaining 49% of SECO Asia, owned by Simest S.p.A., can be bought by SECO at the Simest S.p.A. entry valuation (€3.4m)



€0.1m positive effect on post-minorities Net income after acquisition of SECO Asia minority share



# Thank you

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