

TXT e-solutions

Strong Q2 trading

Trading update

Technology

16 July 2015

Since incorporation in Q2, TXT Perform's Asia Pacific subsidiary has won its first major contract, worth more than €1m. Combined with strong underlying performance in both divisions, this should result in group revenue growth of c 20% for Q215, ahead of our 8.5% forecast. This should also drive stronger than forecast EBITDA. We leave our estimates unchanged pending full H115 results on 4 August, but highlight that there is likely to be upward pressure on forecasts.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/13	52.6	4.8	0.41	0.23	19.8	2.8
12/14	54.4	4.0	0.28	0.23	29.0	2.8
12/15e	59.2	5.1	0.34	0.24	23.9	3.0
12/16e	60.9	6.3	0.42	0.25	19.3	3.1

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, share-based payments and exceptional items.

TXT expects to report Q215 revenues of c €16.3m, significantly higher than our €14.6m forecast, boosted by a contract win in TXT Perform's new Asia Pacific subsidiary. This was a licence deal worth more than €1m to manage more than 40 Duty Free and Galleria stores in airport hubs and tourist locations worldwide. TXT Perform saw revenue growth of 27% y-o-y (vs flat growth in Q115) and TXT Next grew 11% y-o-y (vs 13.6% in Q115). H115 software revenues of €8.3m were 35% higher than a year ago. The company expects Q215 and H115 EBITDA to grow in line with revenue growth, with EBITDA margins in line with the previous period. For Q215, this implies a margin of c 10.4% or €1.6m (compared to our €1.3m forecast). The company ended the period with net cash of €9.5m, down from the €12.1m reported at the end of Q115, reflecting payment of annual bonuses and the dividend in Q215.

Price €8.12
Market cap €96m

Net cash (€m) as at end H115	9.5
Shares in issue	11.8
Free float	65%
Code	TXT
Primary exchange	Borsa Italiana (STAR)
Other exchanges	N/A

Share price performance



Business description

TXT e-solutions has two divisions: TXT Perform provides software solutions for supply chain management in the international retail & consumer-driven industrial sectors; and TXT Next provides IT, consulting and R&D services to Italian customers.

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