8th September 2016

Mid Cap | Europe | Italy

DR. KALLIWODA
INTERNATIONAL RESEARCH GmbH

Update

BUY

Target price: EUR 11

Industry:	Software and IT Service
Country:	Italy
ISIN:	IT0001454435
Bloomberg:	TXT:IM
Reuters:	TXTS.MI
Website:	txtgroup.com

	High	Low
Last Price:		7.09
Price 52 W.:	8.26	6.81
Market Cap. (EURm)		92.21
No. of Shares		13.01

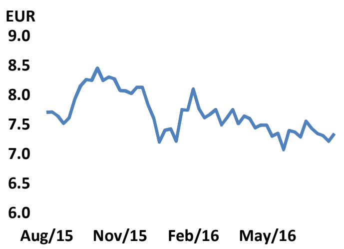
Shareholders

4CV PTE	25.62%
A. Braga Illa	13.96%
Treasury shares	9.92%
Kabouter LLC	7.96%
Allianz GI GmbH	2.31%
Management	7.90%
Float	32.33%

Dividend

	in EUR	in %
2012	0.40	17.6%
2013	0.20	2.8%
2014	0.25	3.9%
2015	0.25	3.4%

1-year Chart



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TXT e-solutions S.p.A.

Recovery in TXT Retail software revenues and growth in the aerospace business in Q2/16

- For H1/16 TXT e-solutions reported group revenues up +6.6% y/y to € 33.2m, which include € 2.0m revenues from the recent acquisition of Pace GmbH. Stable the software revenues to € 8.4m in H1/16, (+41% in Q2 offset by week Q1) while service revenues increased by 9.1% to € 24.8m (€ 1.1m organic growth and € 1.0m due to Pace GmbH). The company announced in the same period software contracts with: Zalando (D), REI (USA), Future Group (India), Auchan China, Arcadia Group (UK) and ECG fashion (B).

- The retail market slowdown at the beginning of the year, due to contingent and structural difficulties, caused delay in the investments of TXT´s clients. Thus, TXT Retail division reduced the revenues by 5.5% y/y, but recovering in Q2/16. TXT Next achieved € 15.4m in total sales, up 25.2% y/y, given Pace sales (€ 2.0m) and organic growth + 9% y/y. The EBITDA remained almost in line with H1/15 (€ 3.3m H1/16 vs. €3.4m H1/15), despite +15.8% in R&D costs (9.5% of revenues) and non-recurring legal expenses and fees for the acquisition of Pace GmbH (roughly € 0.3m). Slightly down the net income to € 2.0m (vs. H1/15: € 2.3m) as with less tax benefits compared to the previous year. We noted that the weight of international sales for the whole group increased by +7.8%, around 57% of total sales.

- From January to June 2016, company net financial position was positive by € 0.5m, compared to € 8.3m as at December 2015. The variance of € 7.8m was mainly due to the acquisition of Pace GmbH (€ 6.8m) and dividends (€ 2.9m). This figure was partially offset by positive cash generated by operations in the semester (€ 1.9m). In the same period TXT owned 9.92% of issued shares, which were bought at an average of € 2.19. Equity ratio stated at 50.2%.

- TXT competitive position in the retail and aeronautic markets has allowed a better corporate risks hedging in our valuation, though we have remained prudent in the retail market performance. We left almost unchanged our financial estimates (revenues CAGR 5.3% and avg. EBIT margin 10.1% for 2016E-2020E). We have considered as key growth drivers: (1) the international expansion of the business, especially after the new two recorded contracts in Asia, (2) the integration and expansion of the aerospace business, which should bring higher-margin license revenues. Positive the management anticipations for Q3/16 revenues. On May 2016 the board approved a dividend per share of 0.25€ (yield 3.4%).

- **Key Facts**

EURm	2012	2013	2014	2015	2016E	2017E
Net sales	46.5	52.6	55.9	61.5	70.0	74.8
EBITDA	5.3	6.3	6.8	5.9	8.0	8.7
EBIT	4.2	5.0	5.5	4.8	6.8	7.5
Net income	5.1	4.6	4.2	3.9	5.2	5.7
EPS	0.9	0.4	0.3	0.3	0.4	0.4
BVPS	4.8	2.4	2.2	2.6	2.4	2.6
RoE	19.6%	16.6%	14.4%	11.5%	16.5%	17.0%
EBIT margin	9.1%	9.4%	9.8%	7.8%	9.8%	10.0%

Source: company data, Dr. Kalliwoda International Research GmbH

Content

1. Profile

TXT e-solutions SpA is a profitable international software specialist. Headquartered in Milan (Italy), TXT filled an empty space in the supply chain IT solutions, developing planning software solutions in end-to-end retail for the luxury and fashion sector. The company is divided in two business divisions: TXT Retail, which provides IT planning solutions for luxury, fashion, retail and consumer goods, and TXT Next which focus in software for complex operation and manufacturing for aerospace, defence, high-tech and finance. With TXT Next division, the group expanded the business in other industries in order to capitalize its knowledge and expertise.

After the IPO in 2000, TXT invested to become a global supply chain software vendor with a geographic coverage of all main markets. The company has offices in the North America, Germany, France, Spain, the UK and in the Asia Pacific. With organic growth in both the divisions, the company recorded a significant increase in revenues during the years (CAGR +10.1% in 2010-2015).

1.2 PACE GmbH (Berlin-Headquartered)

On February 2016, TXT e-solutions completed the acquisition of the Berlin-based Pace GmbH, software providers for the aerospace and aviation industries. The acquisition reinforced TXT Next aerospace business division. Pace performed well in 2015, with preliminary consolidated results showing revenues of €7.3m, up 20.4% y/y stemming for 57% from license, maintenance and subscription fees; EBITDA accounted for €0.8m (R&D €1.7m). Net financial position of PACE was positive by €2.3m. PACE has 70 employees mostly in Berlin, with activities in the aerospace hubs of Toulose (F) and Seattle (USA).

TXT bought the 79% of PACE shares directly from its investors (eCAPITAL AG, Strategic European Technologies NV, and IBB Beteiligungsgesellschaft mbH). As reported in TXT H1 report, the acquisition of Pace GmbH completed on 1 April 2016 involved a net disbursement of € 6.8 million, broken down as follows:

- € 7.7 million already paid upon purchase of 79% of the company's shares;
- an additional € 1.4 million in estimated future payments to exercise the put/call option in 2020-2021 to purchase the remaining 21% of the company's shares; payment of the "Earn-out 2016" and other contractual terms;
- -€ 2.3 million for the net financial benefit arising from the acquisition of Pace, generated by the balance of cash acquired (€ 3.5 million) and financial debt acquired (€ 1.2 million).

The three founders therefore will remain shareholders and managing directors (21% of the capital will be hold by them). However, according the transaction is included a put-call option to be exercised in the period 2020-2021.

PACE customer base includes: Maintenance, Repair & Overhaul (MRO) companies, such as Airbus (D and F), Boeing (USA), Lufthansa (D), GE Aviation (USA), Safran Group (F), COMAC (China), Sukhoi (Russia), Embraer (Brasil), Rolls-Royce (UK), Air France & KLM Engineering (F) and Delta Air Lines (USA).

The integration of TXT Next and Pace GmbH might develop further benefits, due to the complementary solutions that TXT Next can integrate in Pace such as the on board software, simulation, training system and advanced manufacturing for aerospace. The joining forces can bring new advanced software solutions and expand the product portfolio for TXT Next clients. TXT Next and Pace are able to cover the entire value chain in the software aviation industry.

2. SWOT Analysis

Strengths	Weaknesses
- Pioneer in the supply chain software for fashion and luxury. Almost 57% of sales from abroad. - Self-financed business through profits, free cash flows and growing stock values. - High entry barriers, given its customized and innovative solutions and well-established relationships. - Loyal customer base, with well-known clients (i.e. Louis Vuitton (F), Swatch (CH), Adidas (D), Burberry (UK)). - Net financial position positive for €0.5m. - Solid shareholder base: founder owns almost 14% of the capital, and a significant stakes is owned by co-workers & management.	- Significant goodwill position, which amount to 59% of equity (30 June 2016). - Limited presence in emerging markets such as Asia, Pacific, Africa, the Middle East and Latin America. Strong focus in the no-food area. - Continuous investments in marketing and R&D in order to compete with big players.
Opportunities	**Threats**
- Growth in the aerospace segment, given the expertise and international client portfolio acquired with PACE GmbH. - Business development in North America, Asia and Pacific area. In 2015 a new office was opened in Hong Kong and Singapore. - Improving revenues mix with higher sales from licenses and maintenance in the retail segments. Monetization of existing clients with new products and service. - International growth through acquisitions	- Uncertainty in the fashion and luxury market, given the economic slowdown and industry transformation. - High competition from larger players. - Currency risks for the consolidated financial statements as TXT generates more than 20% sales outside the Euro Area, even if revenues are hedged almost perfectly with costs incurred in the same currency.

Source: Dr. Kalliwoda International Research GmbH

3. Valuation

We have used a weighted average of our DCF model (70%) and a peer group analysis (30%) to value TXT e-solutions SpA. We have forecasted the revenues CAGR of 5.3% and average EBIT margin of 10.1% in the period 2016-2020. For the calculation of the WACC (weighted average cost of the capital) we have considered the risk-free rate of 0.9%, market premium 6.0% (expected return minus risk-free ratio), Beta equal to 1 and the tax rate of 20.1% (average of the last four years). Assuming that the target capital structure will not change in the subsequent years, the WACC consequently was 6.0%. Our final 12-months price target for TXT e-solutions equals €11.0.

a. WACC

DCF model			
Input		**Output**	
WACC Calculation		**Enterprise value**	
Target Capital Structure		Present value of Free Cash Flow	20.4
Debt to Total Capitalization	15.4%		
Equity to Total Capitalization	84.6%	**Terminal Value**	165
		Discount Factor	0.8
Cost of Equity		**Present Value of Terminal Value**	**125**
Risk-free rate	0.9%	*% of Enterprise Value*	*86%*
Market risk Premium	6.0%		
Levered Beta	1.00	**Enterprise value**	**144.9**
Cost of Equity	6.9%	Less: Total debt	5.8
		Plus: Cash and Cash Equi.	6.2
Cost of Debt		Net Debt	0.4
Cost of Debt	1.5%		
Taxes	20.1%		
After Tax Cost of Debt	1.2%	**Implied Equity Value**	**144.5**
		Outstanding shares	13.0
WACC	6.0%	**Implied share price**	**11.1**

Source: Dr. Kalliwoda International Research GmbH

b. DCF-Model

DCF model											
EURm	Actual					CAGR	Forecast period				
	2011	2012	2013	2014	2015	(16 - 20)	2016	2017	2018	2019	2020
Sales	40.1	46.5	52.6	55.9	61.5	*5.3%*	70.0	74.8	79.7	83.8	86.2
% growth		*15.8%*	*13.0%*	*6.3%*	*10.1%*		**13.8%**	**6.8%**	**6.6%**	**5.1%**	**2.9%**
EBITDA	**4.4**	**5.3**	**6.3**	**6.8**	**5.9**	*7%*	**8.0**	**8.7**	**9.3**	**10.0**	**10.3**
% margin	*11.0%*	*11.4%*	*11.9%*	*12.2%*	*9.6%*		***11.4%***	***11.6%***	***11.7%***	***11.9%***	***11.9%***
Depreciation & Amortization:	-3.5	-1.1	-1.3	-1.3	-1.1		-1.1	-1.2	-1.3	-1.3	-1.3
% sales	8.8%	2.3%	2.5%	2.4%	1.8%		**1.6%**	**1.6%**	**1.6%**	**1.6%**	**1.6%**
EBIT	**0.9**	**4.2**	**5.0**	**5.5**	**4.8**	*7%*	**6.8**	**7.5**	**8.0**	**8.6**	**8.9**
							9.8%	**10.0%**	**10.1%**	**10.3%**	**10.4%**
Taxes	-0.6	-0.2	0.1	-1.0	-0.8		-1.4	-1.5	-1.6	-1.7	-1.8
Capex	-2.2	-0.4	-0.5	-0.6	-0.8		-6.4	-1.0	-1.1	-1.1	-1.1
% sales	*5.4%*	*0.9%*	*0.9%*	*1.1%*	*1.2%*		*9.1%*	*1.4%*	*1%*	*1%*	*1%*
Increase/Decrease in NWC	-1.26	-1.69	1.21	-1.39	-4.38		**-1.0**	**-0.7**	**-0.6**	**-0.6**	**-0.4**
Unlevered Free Cash Flow	**0.38**	**3.05**	**7.12**	**3.75**	**0.01**		**-0.8**	**5.4**	**6.0**	**6.6**	**7.0**
WACC	**6.0%**										
Discount Period							0.3	1.3	2.3	3.3	4.3
Discount Factor							1.0	0.9	0.9	0.8	0.8
Present value of free cash flow							**-0.8**	**5.0**	**5.2**	**5.4**	**5.5**

Source: Dr. Kalliwoda International Research GmbH

c. Peer Group Analysis

We proved our DCF model with a peer group analysis. The application of a relative valuation method is based on the idea that comparable companies have similar market values. Hence, mainly listed companies are chosen, which offer similar products, or have a comparable business model. An analysis of financial figures provides an estimation to which degree the company's valuation stems from a low comparability with its peer group or an under-or overvaluation.

	EV/EBIT		P/E		EBIT margin	Net gearing	P/BVPS
Company	**2016E**	**2017E**	**2016E**	**2017E**	**2015**	**Latest**	**Latest**
Atoss Software AG (EUR)	16.90x	15.70x	27.77x	26.32x	24.93%	-95.07%	11.93x
Cap Gemini SA (EUR)	28.42x	27.32x	29.08x	28.15x	9.11%	32.96%	2.19x
Devoteam SA (EUR)	9.77x	9.29x	18.89x	17.82x	5.97%	-15.57%	2.79x
Oracle Corp (USD)	38.30x	37.26x	19.50x	19.12x	32.85%	-4.97%	0.64x
SAP SE (EUR)	20.44x	19.85x	26.67x	26.14x	26.80%	18.49%	4.33x
SQS AG (EUR)	17.14x	16.45x	28.96x	28.39x	3.63%	5.47%	1.85x
Median	18.79x	18.15x	27.22x	26.23x	17.02%	0.25%	2.49x
TXT e-solutions (EUR)	13.62x	12.45x	18.06x	16.49x	7.79%	-1.37%	2.78x
Premium/Discount	-27.5%	-31.4%	-33.6%	-37.2%			
Fair value TXT e-solutions (EUR)	10.66						

Source: Dr. Kalliwoda International Research GmbH

Based on our peer multiples, the implied fair value equals €10.66 per share.

4. Turnover

Revenues

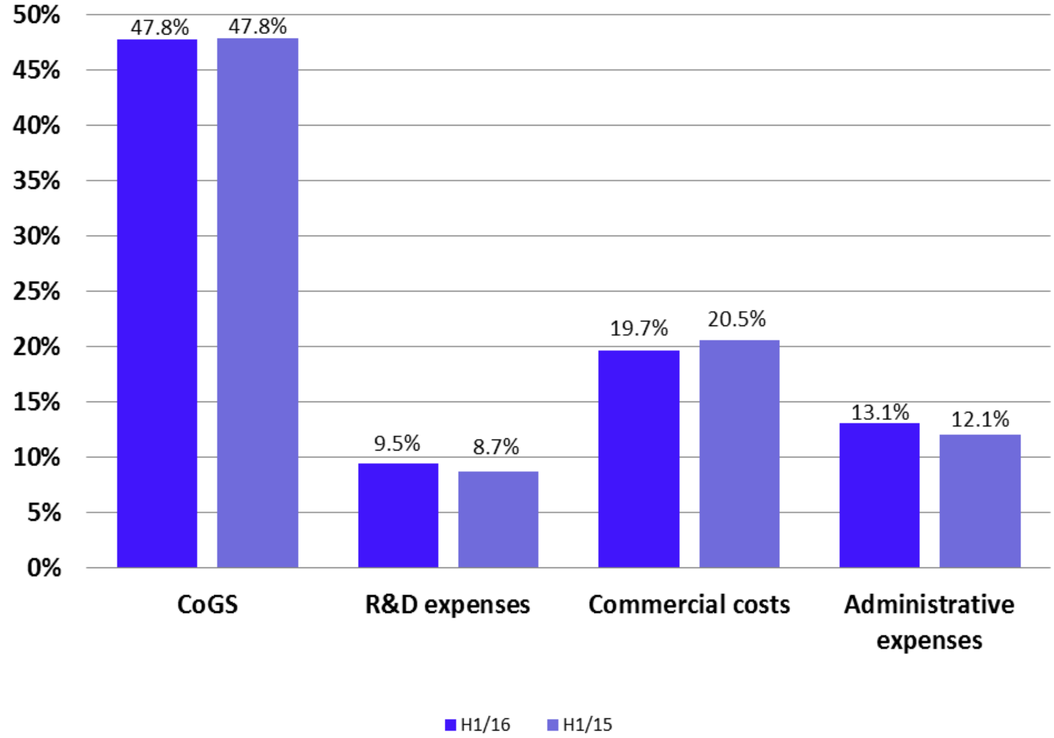
TXT´s revenues rose from € 31.1m to € 33.2m, up +6.6% in H1/16, including the consolidation of Pace GmbH. Software sales, which include licenses, subscriptions and maintenances, came at € 8.4m almost in line with the first semester of 2015. The service revenues were up € 2.1m y/y to € 24.8m, which stemmed for € 1.1m from organic growth and € 1.0m from Pace GmbH. Breaking the result by business divisions, TXT Retail was down 5.5% (€ 17.8m vs. € 18.8m) accounting for 53.5% of total sales in H1/16, with positive signs of recovery in Q2/16 (+41% q/q). Next division improved its sales by 25.2% y/y (€ 15.4m vs. € 12.3m), as with the contribution of Pace GmbH: up € 2.0m y/y.

Key figures H1/16 vs. H1/15

H1/2016 vs. previous year			
in EURm	**H1/16**	**H1/15**	**%**
Net sales	33.2	31.1	*6.6%*
EBITDA	3.3	3.4	*-1.8%*
EBITDA margin	10.0%	10.8%	
EBIT	2.8	2.9	*-2.6%*
EBIT margin	8.4%	9.2%	
Net income	2.0	2.3	*-14%*
Net margin	6.1%	7.5%	

Source: company data, Dr. Kalliwoda International Research GmbH

Profitability



Source: company data, Dr. Kalliwoda International Research GmbH

Gross margin enhanced to € 17.3m, up 6.7% y/y (52% of total revenues), while due to R&D expenses +15.8% (9.5% of sales) and administrative costs +15.5%, which includes the legal costs and fees for Pace GmbH, EBITDA reduced by 1.8% y/y to € 3.3m. As with the increase in the tax charges (€ 0.6m H1/16 vs. € 0.4m H1/15), compared to the last year when TXT took advantage of tax losses in some countries, the net income slightly decreased to € 2.0m compared to € 2.3m in H1/15; the net income margin was 6.1%.

As June 2016, main changes in TXT balance sheet referees to the goodwill (€ 18.6m vs. € 13.2m) and definite life intangible assets (€ 3.8m vs. € 1.5m) due to the acquisition of Pace GmbH. In the same period the company collected € 3.5m in short term debt and € 1.4m in long term debt for future payments of PACE acquisition.

We noted that the better management of the receivables (down € 2.0m), though partially offset by inventories (up € 1.2m), boosted the cash flows generated by operations, which rose from € 1.4m to € 2.9m. Cash out flows for the acquisition of Pace GmbH (€ 5.4m) and the dividends´ payment (€ 2.9m) even if offset by the positive cash in inflow from the borrowings (€ 3.5m) lowered cash by € 2.7m y/y. Final cash position amounted to € 6.2m.

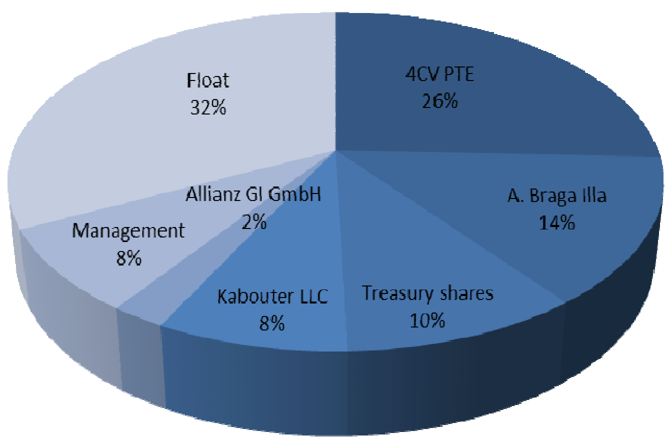
Outlook

After a difficult start of the year due to weakness in the retail market and consequent delay in closing contracts, in Q2/16 TXT revenues recovered significantly boosted by software contracts. The management anticipated a continuing positive trend in the third quarter. In the period under review new important contracts were signed with: Recreational Equipment Inc. (USA), Zalando (D) and Auchan China among the others. Thus, we have left our DCF forecasts unchanged.

5. Shares

At the end of June 2016, the company held about 9.92% of issued shares, bought at an average price of €2.19. The holding company 4CV PTE Ltd held 25.6%, followed by the founder A. Braga Illa with 14.0%, Kabouter Management LLC 7.96% (US-based investor), the management 8.1% and the recent participation of Allianz Global Investors GmbH 2.3%.

Shareholders´ structure (June 2016)



Source: company data, Dr. Kalliwoda International Research GmbH (shareholders´ data refer to June 2016)

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6. Financials

a. Profit and Loss Statement

Profit & Loss Statement - TXT e-solutions S.p.A.						
€ thousands	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016E**	**FY 2017E**
Total revenue	**46.50**	**52.56**	**55.88**	**61.54**	**70.03**	**74.79**
Costs of sales	-22.35	-24.85	-26.46	-29.19	-30.21	-31.27
Gross profit	24.15	27.71	29.43	32.35	39.82	43.53
Research and development expenses	-4.09	-4.76	-4.70	-5.12	-5.60	-5.83
Sales, marketing and distribution expenses	-8.98	-10.17	-11.09	-12.68	-13.19	-14.31
General and administrative expenses	-5.76	-6.51	-6.84	-8.63	-13.07	-14.71
Amortisation and depreciation	-1.08	-1.31	-1.33	-1.12	-1.12	-1.20
EBIT	**4.24**	**4.96**	**5.47**	**4.79**	**6.84**	**7.48**
Financial income/expense net	0.13	-0.44	-0.25	-0.15	-0.16	-0.16
Earnings before taxes	4.37	4.52	5.22	4.64	6.68	7.32
Income taxes	-0.18	0.12	-1.05	-0.76	-1.50	-1.65
Minorities/Non recurring profit	0.94	0.00	0.00	0.00	0.00	0.00
Net income	5.14	4.64	4.17	3.88	5.18	5.67
EPS	0.94	0.44	0.32	0.30	0.40	0.44
DPS	0.40	0.20	0.25	0.25	0.27	0.28
Profit & Loss (Year on Year)						
Total revenue	16%	13%	6%	10%	14%	7%
Costs of sales	14%	11%	6%	10%	3%	3%
Gross profit	17%	15%	6%	10%	23%	9%
Research and development expenses	46%	16%	-1%	9%	10%	4%
Sales, marketing and distribution expenses	13%	13%	9%	14%	4%	9%
General and administrative expenses	6%	13%	5%	26%	51%	13%
Amortisation and depreciation	-69%	21%	1%	-15%	0%	7%
EBIT	**387%**	**17%**	**10%**	**-12%**	**43%**	**9%**
Financial income/expense net	81%	-435%	-43%	-39%	3%	3%
Earnings before taxes	364%	3%	15%	-11%	44%	10%
Income taxes	-70%	-169%	-964%	-27%	97%	10%
Net income	-64%	-10%	-10%	-7%	33%	10%
Profit & Loss (% of Revenues)						
Total revenue	100%	100%	100%	100%	100%	100%
Costs of sales	-48%	-47%	-47%	-47%	-43%	-42%
Gross profit	**52%**	**53%**	**53%**	**53%**	**57%**	**58%**
Research and development expenses	-9%	-9%	-8%	-8%	-8%	-8%
Sales, marketing and distribution expenses	-19%	-19%	-20%	-21%	-19%	-19%
General and administrative expenses	-12%	-12%	-12%	-14%	-19%	-20%
Amortisation and depreciation	-2%	-2%	-2%	-2%	-2%	-2%
EBIT	9%	9%	10%	8%	10%	10%
Financial income/expense net	0%	-1%	0%	0%	0%	0%
Earnings before taxes	9%	9%	9%	8%	10%	10%
Income taxes	0%	0%	-2%	-1%	-2%	-2%
Net income	**11%**	**9%**	**7%**	**6%**	**7%**	**8%**

Source: company data, Dr. Kalliwoda International Research GmbH

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b. Balance Sheet

Balance sheet - TXT e-solutions S.p.A.						
€ m	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016E	FY 2017E
Current assets	**36.77**	**34.91**	**34.89**	**38.95**	**40.94**	**42.89**
Cash and cash equivalents	15.82	14.82	12.30	9.08	8.19	9.59
Inventories	1.39	1.45	1.82	2.07	3.06	2.34
Trade receivables	17.27	16.84	18.57	25.03	26.53	27.59
Other receivables	2.29	1.80	2.20	2.76	3.15	3.37
(% sales)	5%	3%	4%	4%	5%	5%
Non-current assets	**21.84**	**17.85**	**18.02**	**18.13**	**23.04**	**23.36**
Intangible assets	19.89	15.37	15.08	14.69	19.90	19.78
(% sales)	43%	29%	27%	24%	28%	26%
Property, plant and equipment	1.15	1.12	1.25	1.36	1.50	1.53
Other receivables and other assets	0.30	0.13	0.14	0.14	0.14	0.15
(% sales)	1%	0%	0%	0%	0%	0%
Deferred taxes	0.49	1.23	1.56	1.94	1.50	1.90
(% sales)	1%	2%	3%	3%	2%	2%
Total	**58.61**	**52.76**	**52.91**	**57.08**	**63.98**	**66.25**
Current liabilities	**20.65**	**17.86**	**17.45**	**18.35**	**23.84**	**23.79**
Financial liabilities	5.50	3.35	2.15	0.82	4.40	4.48
Trade payables	1.80	1.50	1.54	1.42	1.52	1.54
Other liabilities	12.47	12.93	13.61	16.09	17.51	17.58
(% sales)	27%	25%	24%	26%	25%	24%
Tax liabilities	0.89	0.07	0.15	0.02	0.41	0.19
(% sales)	2%	0%	0%	0%	1%	0%
Non-current liabilities	**11.77**	**6.96**	**6.49**	**6.50**	**8.74**	**9.02**
Financial liabilities	4.30	2.90	1.68	1.40	1.38	1.28
Other liabilities	2.87	0.00	0.00	0.00	0.00	0.00
(% sales)	0%	0%	0%	0%	0%	0%
Provisions for pensions (TFR)	3.33	3.30	3.84	3.83	4.36	4.66
(% sales)	7%	6%	7%	6%	6%	6%
Deferred taxes	1.27	0.77	0.97	1.27	3.00	3.09
Shareholder's equity	**26.18**	**27.94**	**28.97**	**33.62**	**31.40**	**33.43**
Total consolidated equity and debt	**58.61**	**52.76**	**52.91**	**58.48**	**63.98**	**66.25**

Source: company data, Dr. Kalliwoda International Research GmbH

c. Cash Flow Statement

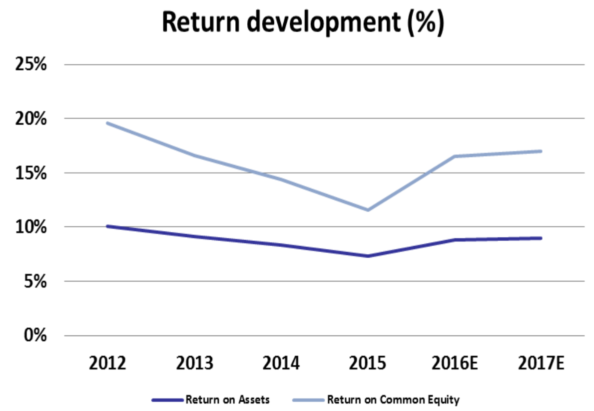
Cash flow statement - TXT e-solutions S.p.A.						
€ m	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016E**	**FY2017E**
Net income for the year	5.1	4.6	4.2	3.9	5.2	5.7
Depreciation	-1.1	-1.3	-1.3	-1.1	-1.1	-1.2
Change in working capital	-1.7	1.2	-1.4	-5.0	-1.0	-0.7
Others	2.3	0.9	2.4	-0.7	-1.3	-0.5
Net Operating cash flow	4.7	5.5	3.8	6.7	7.0	7.3
Cash flow from investing	-14.7	-0.5	-0.6	-0.8	-6.4	-1.0
Free cash flows	-10.0	5.0	3.2	6.0	0.6	6.2
Cash flow from financing	11.4	-6.3	-5.6	-9.2	-1.5	-4.8
Change in cash	1.4	-1.3	-2.4	-3.2	-0.9	1.4
Cash, start of the year	14.4	15.8	14.8	12.3	9.1	8.2
Cash, end of the year	15.8	14.8	12.3	9.1	8.2	9.6

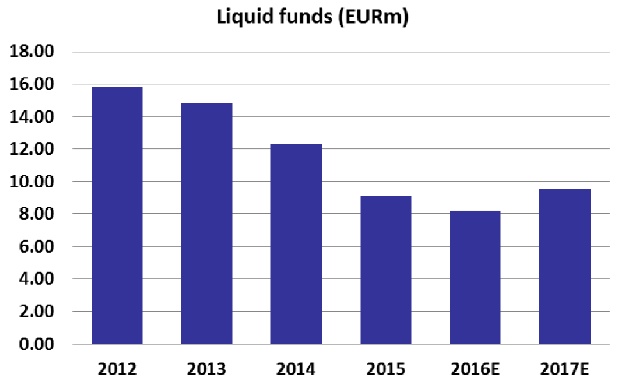
Source: company data, Dr. Kalliwoda International Research GmbH

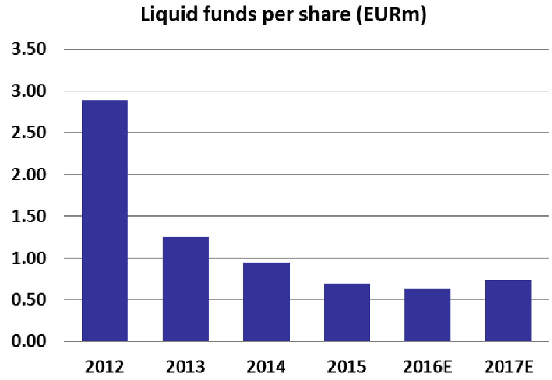
d. Financial Ratios

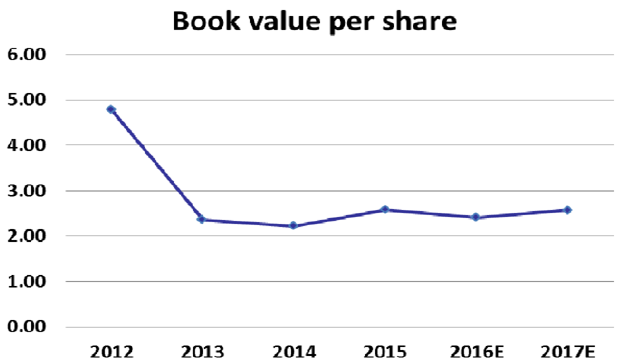
Ratios - TXT e-solutions S.p.A.						
	FY 2012	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016E**	**FY 2017E**
EBITDA margin	11.4%	11.9%	12.2%	9.6%	11.4%	11.6%
Net margin	11.0%	8.8%	7.5%	6.3%	7.4%	7.6%
Return on equity (ROE)	19.6%	16.6%	14.4%	11.5%	16.5%	17.0%
Return on assets (ROA)	10.1%	9.1%	8.4%	7.3%	8.8%	9.0%
Return on capital employed (ROCE)	20.2%	27.0%	36.4%	28.6%	36.3%	39.2%
Equity ratio	44.7%	52.9%	54.8%	57.5%	49.1%	50.5%
Current ratio	1.8	2.0	2.0	2.1	1.7	1.8
Quick ratio	1.6	1.8	1.8	1.9	1.5	1.6

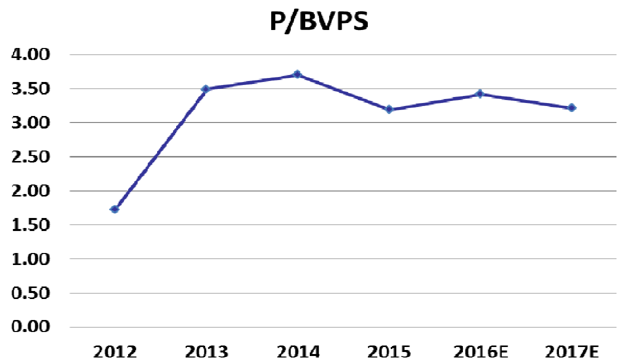
Source: company data, Dr. Kalliwoda International Research GmbH

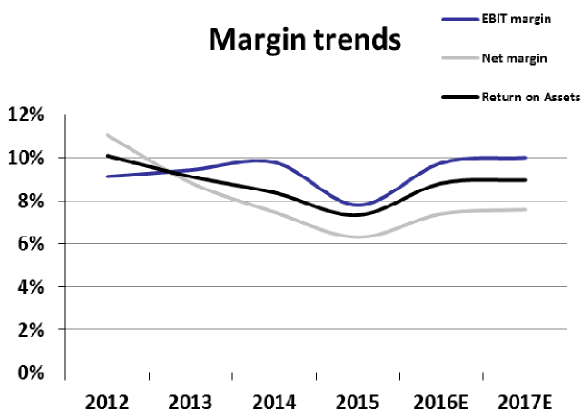


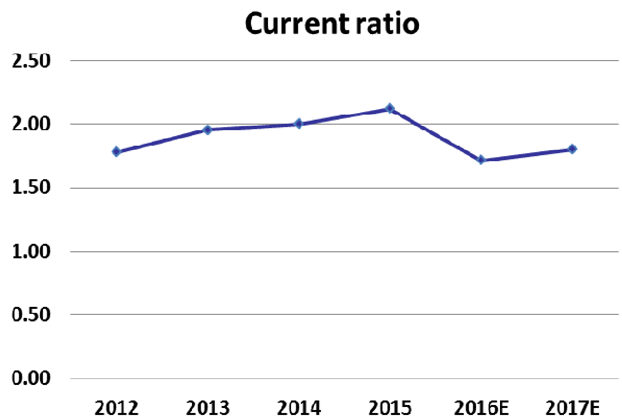












Source: Company data, Dr. Kalliwoda Research GmbH

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