

TXT E-SOLUTIONS OUTPERFORM

Price (Eu): 9.77
Target Price (Eu): 12.40

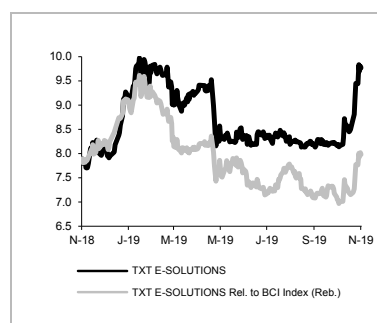
SECTOR: Industrials

Andrea Randone +39-02-77115.364
 e-mail: andrea.randone@intermonte.it

Top Line Growth Accelerates Coupled With Solid Margin Expansion

- 3Q19 organic revenue growth stronger than expected.** Quarterly revenues came in at Eu15.5mn, up +61.5% YoY (+35.9% organic) and 14% above our estimates. The surprise came at the Aerospace and Aviation business up 29% YoY organically as well as the Fintech business, which grew 175% YoY thanks to 59% organic growth and the consolidation of recent acquisition Assioma. EBITDA came to Eu2.0mn, up 165% YoY and 52% stronger than expected, especially thanks to big jump in profitability at the Fintech business, achieved thanks to the positive operating leverage and to a reduction in G&A costs. Below the EBITDA line, it is worth noting the non-recurring charges of Eu0.36mn. At bottom line, quarterly net profit was Eu1.0mn, much higher than our Eu0.4mn forecast thanks also to a Eu0.3mn net contribution from financial income generated by liquidity management. Finally, the net financial position as at the end of September 2019 was positive to the tune of Eu43.2mn, compared to Eu60.4mn as at YE18, after the dividend distribution (Eu5.8mn), the outlay to acquire Assioma (Eu6.0mn), purchase of treasury shares (Eu1.0mn), recognition of payables for a new leasing contract for offices according to IFRS 16 (Eu2.0mn), and NWC absorption (Eu2.4mn of which Eu0.7mn related to non-recurring cash-out).
- Positive management outlook.** In 4Q19, management sees further revenue growth in terms of both organic growth and the contribution from acquisitions Cheleo and Assioma. EBIT is expected to significantly improve YoY. At the same time, TXT keeps on scouting for acquisitions.
- Changes to estimates.** We have updated our estimates to take into account stronger revenue trends (ca. +4%). As for 2019 we are lifting EBITDA margin by 30bps, while we are assuming a more gradual margin expansion in 2020-2020. At EBIT line, we are implementing 3.5%/3.3%/5.6 upward revisions to 2019, 2020 and 2021.
- OUTPERFORM confirmed; target Eu12.4 from Eu12.2.** After a positive set of 3Q19 results, we confirm our positive stance on the stock, as we foresee robust organic growth rates going forward, coupled to the contribution from recent acquisitions. Newsflow about potential new orders (especially in the Aerospace & Aviation segment) represents the main catalyst for our recommendation, together with any new M&A announcement (TXT owns 1.22mn treasury shares on top of its strong cash position).

TXT E-SOLUTIONS - 12m Performance

**RATING: Unchanged****TARGET PRICE (Eu): from 12.10 to 12.40**

Ch. in Adj. EPS est: 2019E 2020E
 30.6% 3.3%

STOCK DATA

Reuters code: TXTS.MI
 Bloomberg code: TXT IM

Performance	1m	3m	12m
Absolute	19.4%	19.3%	23.8%
Relative	13.9%	4.0%	1.4%
12 months H/L:	9.97/7.70		

SHAREHOLDER DATA

No. of Ord. shares (mn): 13
 Total No. of shares (mn): 12
 Mkt Cap Ord (Eu mn): 127
 Total Mkt Cap (Eu mn): 127
 Mkt Float - ord (Eu mn): 59
 Mkt Float (in %): 46.3%
 Main shareholder:
 Enrico Magni (Laserline) 26.5%

BALANCE SHEET DATA

2019
 Book value (Eu mn): 84
 BVPS (Eu): 7.25
 P/BV: 1.3
 Net Financial Position (Eu mn): 49
 Enterprise value (Eu mn): 78

**Please see important disclaimer
 on the last page of this report**

Key Figures	2017A	2018A	2019E	2020E	2021E
Sales (Eu mn)	36	40	58	66	71
Ebitda (Eu mn)	3	4	6	8	9
Net profit (Eu mn)	69	1	4	4	5
EPS - New Adj.(Eu)	0.149	0.049	0.332	0.353	0.416
EPS - Old Adj.(Eu)	0.149	0.049	0.254	0.342	0.394
DPS (Eu)	1.000	0.500	0.232	0.247	0.291
Ratios & Multiples	2017A	2018A	2019E	2020E	2021E
P/E Adj.	65.4	nm	29.4	27.7	23.5
Div. Yield	10.2%	5.1%	2.4%	2.5%	3.0%
EV/Ebitda Adj.	11.2	17.6	12.1	9.8	8.4
ROCE	12.9%	9.6%	10.3%	14.9%	17.3%

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein, and of any of its parts, is strictly prohibited. None of the contents of this document may be shared with third parties without Company authorization.

TXT E-SOLUTIONS - KEY FIGURES

		2017A	2018A	2019E	2020E	2021E
	Fiscal year end	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021
PROFIT & LOSS (Eu mn)	Sales	36	40	58	66	71
	EBITDA	3	4	6	8	9
	EBIT	3	2	3	5	6
	Financial income (charges)	(0)	(1)	2	0	0
	Associates & Others	0	0	0	0	0
	Pre-tax profit (Loss)	2	1	5	5	6
	Taxes	(1)	0	(1)	(1)	(2)
	Tax rate (%)	28.8%	-0.7%	25.0%	25.0%	25.0%
	Minorities & discontinue activities	0	0	(0)	(0)	(0)
	Net profit	69	1	4	4	5
	Total extraordinary items	67	0	0	0	0
	Ebitda excl. extraordinary items	4	4	6	8	9
	Ebit excl. extraordinary items	3	2	5	6	7
Net profit restated	2	1	4	4	5	
PER SHARE DATA (Eu)	Total shares out (mn) - average fd	13	12	12	12	12
	EPS stated fd	0.149	0.049	0.332	0.353	0.416
	EPS restated fd	0.149	0.049	0.332	0.353	0.416
	BVPS fd	7.680	7.414	7.246	7.367	7.536
	Dividend per share (ord)	1.000	0.500	0.232	0.247	0.291
	Dividend per share (sav)	0.000	0.000	0.000	0.000	0.000
	Dividend pay out ratio (%)	17.1%	1030.7%	70.0%	70.0%	70.0%
CASH FLOW (Eu mn)	Gross cash flow	(9)	2	7	7	8
	Change in NWC	9	(0)	(6)	(3)	(2)
	Capital expenditure	(1)	(1)	(1)	(1)	(1)
	Other cash items	(0)	(4)	0	0	0
	Free cash flow (FCF)	(0)	1	1	3	5
	Acquisitions, divestments & others	82	(7)	(6)	0	0
	Dividend	(3)	(12)	(6)	(3)	(3)
	Equity financing/Buy-back	0	0	0	0	0
Change in Net Financial Position	82	(27)	(11)	0	2	
BALANCE SHEET (Eu mn)	Total fixed assets	9	23	27	25	23
	Net working capital	7	7	13	16	18
	Long term liabilities	(3)	(4)	(4)	(4)	(4)
	Net capital employed	13	26	35	37	37
	Net financial position	87	60	49	49	51
	Group equity	100	86	84	86	88
	Minorities	0	0	0	0	0
Net equity	100	86	84	86	88	
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	127	127	127	127	127
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	87	60	49	49	51
	Enterprise value	40	67	78	78	76
RATIOS(%)	EBITDA margin*	9.9%	9.5%	11.1%	12.1%	12.8%
	EBIT margin*	7.5%	4.6%	8.5%	9.0%	9.7%
	Gearing - Debt/equity	-87.4%	-69.9%	-58.1%	-57.3%	-58.0%
	Interest cover on EBIT	12.8	1.4	nm	nm	nm
	Debt/Ebitda	nm	nm	nm	nm	nm
	ROCE*	12.9%	9.6%	10.3%	14.9%	17.3%
	ROE*	nm	0.6%	4.5%	4.8%	5.6%
	EV/CE	1.9	3.5	2.5	2.2	2.1
	EV/Sales	1.1	1.7	1.3	1.2	1.1
	EV/Ebit	14.9	36.2	15.8	13.2	11.0
Free Cash Flow Yield	-0.4%	0.7%	0.4%	2.2%	3.7%	
GROWTH RATES (%)	Sales	8.4%	11.4%	45.4%	13.4%	7.4%
	EBITDA*	-6.0%	7.4%	69.9%	23.7%	13.5%
	EBIT*	-14.7%	-31.0%	168.4%	19.5%	16.5%
	Net profit	1134.1%	-99.2%	584.0%	6.4%	17.8%
	EPS restated	-30.9%	-67.5%	584.0%	6.4%	17.8%

* Excluding extraordinary items

Source: Intermonte SIM estimates

3Q19 results

Quarterly revenues and EBITDA

Revenue	3Q18A	3Q19	3Q19E	A/E %	9M18A	9M19
Aerospace & Aviation	7.5	9.7	8.5	14.0%	22.7	28.3
YoY growth		29.3%	13.3%			24.8%
Organic		29.3%	13.3%			24.8%
Scope		0.0%	0.0%			0.0%
Banking & Finance	2.1	5.8	5.1	14.5%	5.9	14.2
YoY growth		174.8%	142.9%			139.7%
Organic		59.1%	17.6%			26.9%
Scope		116%	125%			113%
Revenue	9.6	15.5	13.6	14.3%	28.6	42.5
YoY growth		61.5%	41.4%			48.6%
Organic		35.9%	14.2%			25.3%
Scope		25.6%	27.3%			23.3%
EBITDA	0.7	1.0	1.0	-1.2%	2.7	3.5
YoY growth		34.9%	36.4%			30.0%
EBITDA margin %	10.0%	10.4%	12.0%		12.0%	12.5%
Banking & Finance	0.1	1.0	0.3	235.2%	0.4	1.3
YoY growth		1845.3%	0.0%			253.8%
EBITDA margin %	2.4%	17.2%	5.9%		6.0%	8.9%
EBITDA	0.8	2.0	1.3	52.4%	2.8	4.8
YoY growth		164.6%	73.6%			69.6%
EBITDA margin %	7.9%	12.9%	9.7%		9.9%	11.3%

Source: Intermonte SIM (E), company data (A)

3Q19 organic revenue growth stronger than expected. Quarterly revenues came in at Eu15.5mn, up +61.5% YoY (+35.9% organic) and 14% above our estimates. The surprise came at the Aerospace and Aviation business up 29% YoY organically as well as the Fintech business, which grew 175% YoY thanks to 59% organic growth and the consolidation of recent acquisition Assioma. EBITDA came to Eu2.0mn, up 165% YoY and 52% stronger than expected, especially thanks to big jump in profitability at the Fintech business, achieved thanks to the positive operating leverage and to a reduction in G&A costs. Below the EBITDA line, it is worth noting the non-recurring charges of Eu0.36mn. At bottom line, quarterly net profit was Eu1.0mn, much higher than our Eu0.4mn forecast thanks also to a Eu0.3mn net contribution from financial income generated by liquidity management. Finally, the net financial position as at the end of September 2019 was positive to the tune of Eu43.2mn, compared to Eu60.4mn as at YE18, after the dividend distribution (Eu5.8mn), the outlay to acquire Assioma (Eu6.0mn), purchase of treasury shares (Eu1.0mn), recognition of payables for a new leasing contract for offices according to IFRS 16 (Eu2.0mn), and NWC absorption (Eu2.4mn of which Eu0.7mn related to non-recurring cash-out).

Quarterly income statement

	3Q18A	3Q19	3Q19E	A/E %	9M18A	9M19
Revenue	9.6	15.5	13.6	14.3%	28.6	42.5
YoY growth		61.5%	41.4%		10.0%	48.6%
Organic		35.9%	14.0%		8.2%	25.2%
Scope		25.6%	27.3%		1.8%	23.3%
EBITDA IFRS	0.8	2.0	1.3	52.4%	2.8	4.8
YoY growth		164.6%	73.6%		7.9%	69.6%
EBITDA IFRS margin %	7.9%	12.9%	9.7%		9.9%	11.3%
- D&A	(0.5)	(0.4)	(0.6)		(1.4)	(1.1)
EBITA	0.3	1.6	0.7	120.9%	1.5	3.7
YoY growth		495.1%	169.4%		-30.6%	149.6%
- Financial income/(charges)	(0.1)	0.3	(0.2)		(0.4)	2.1
Pre-tax profit	0.2	1.3	0.5	156.5%	1.1	4.4
- Income tax	(0.0)	(0.4)	(0.1)		(0.1)	(1.2)
Tax rate %	23.7%	26.7%	25.0%		7.4%	28.0%
Net income from cont. op.	0.1	1.0	0.4	150.6%	1.0	3.1
YoY growth		656.6%	201.9%		-28.2%	215.0%
Net profit margin %	1.3%	6.3%	2.9%		3.5%	7.4%
Net debt/(cash)	(64.8)	(43.2)	(44.0)		-	(43.2)

Source: Intermonte SIM (E), company data (A)

Changes to estimates

Changes to estimates

	New			Old			Change %		
	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
Revenue	58.1	65.9	70.8	55.9	63.1	68.1	4.0%	4.4%	3.9%
YoY growth	45.4%	13.4%	7.4%	39.8%	12.9%	7.9%			
Organic	24.6%	8.0%	7.4%	17.8%	7.3%	7.9%			
Scope	20.8%	5.4%	0.0%	22.0%	5.6%	0.0%			
EBITDA pre-stock grant	6.5	8.0	9.1	6.0	7.8	8.7	7.1%	2.2%	3.9%
YoY growth	69.9%	23.7%	13.5%	58.7%	29.6%	11.7%			
EBITDA margin %	11.1%	12.1%	12.8%	10.8%	12.4%	12.8%			
EBITDA IFRS	6.5	8.0	9.1	6.0	7.8	8.7	7.1%	2.2%	3.9%
YoY growth	69.9%	23.7%	13.5%	58.7%	29.6%	11.7%			
EBITDA IFRS margin %	11.1%	12.1%	12.8%	10.8%	12.4%	12.8%			
- D&A	(1.5)	(2.1)	(2.2)	(2.5)	(2.6)	(2.7)			
EBITA	5.0	5.9	6.9	3.5	5.2	6.0	39.7%	13.5%	14.5%
YoY growth	168.4%	19.5%	16.5%	92.1%	47.0%	15.6%			
EBITA margin %	8.5%	9.0%	9.7%	6.3%	8.3%	8.9%			
EBIT	3.2	5.4	6.4	3.0	5.2	6.0	3.5%	3.3%	5.6%
YoY growth	70.9%	70.8%	18.2%	65.0%	71.1%	15.6%			
EBIT margin %	5.4%	8.2%	9.0%	5.4%	8.3%	8.9%			
Pre-tax profit	5.2	5.5	6.5	3.9	5.3	6.1	30.6%	3.3%	5.5%
- Income tax	(1.3)	(1.4)	(1.6)	(1.0)	(1.3)	(1.5)			
Tax rate %	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%			
Net income from cont. op.	3.9	4.1	4.8	3.0	4.0	4.6	30.6%	3.3%	5.5%
YoY growth	584.0%	6.4%	17.8%	423.7%	34.6%	15.3%			
Net profit margin %	6.7%	6.2%	6.9%	5.3%	6.3%	6.7%			
EPS adj.	0.33	0.35	0.42	0.25	0.34	0.39	30.6%	3.3%	5.5%
YoY growth	584.0%	6.4%	17.8%	423.7%	34.6%	15.3%			
Net cash/(debt)	49.0	49.1	50.9	48.6	49.2	50.5	0.8%	-0.2%	0.9%

Source: Intermonte SIM (E)

Revenue breakdown estimates

Revenue				
	2018A	2019E	2020E	2021E
Aerospace & Aviation	31.1	38.3	40.9	43.8
YoY growth	12.0%	23.0%	7.0%	7.0%
Organic	12.0%	23.0%	7.0%	7.0%
Scope	0.0%	0.0%	0.0%	0.0%
Banking & Finance	8.9	19.8	25.0	27.0
YoY growth	9.8%	124.0%	25.8%	8.0%
Organic	-7.8%	30.0%	10.0%	8.0%
Scope	17.6%	94.0%	15.8%	0.0%
Revenue	40.0	58.1	65.9	70.8
YoY growth	11.4%	45.4%	13.4%	7.4%
Organic	7.5%	24.6%	8.0%	7.4%
Scope	4.0%	20.8%	5.4%	0.0%
Forex	-0.5%	0.0%	0.0%	0.0%
EBITDA				
	2018A	2019E	2020E	2021E
Aerospace & Aviation	3.6	4.7	5.2	5.7
YoY growth	19.1%	28.3%	12.3%	8.7%
EBITDA margin %	11.7%	12.2%	12.8%	13.0%
Banking & Finance	0.5	1.8	2.7	3.4
YoY growth	-27.3%	280.5%	53.7%	22.7%
EBITDA margin %	5.3%	9.0%	11.0%	12.5%
EBITDA	3.8	6.5	8.0	9.1
YoY growth	7.4%	69.9%	23.7%	13.5%
EBITDA margin %	9.5%	11.1%	12.1%	12.8%

Source: Intermonte SIM (E)

Financials

Income statement

	2016A	2017A	2018A	2019E	2020E	2021E
Revenue	33.1	35.9	40.0	58.1	65.9	70.8
YoY growth	-46.3%	8.4%	11.4%	45.4%	13.4%	7.4%
Organic	-57.0%	2.1%	7.5%	24.6%	8.0%	7.4%
Scope	10.7%	6.4%	4.0%	20.8%	5.4%	0.0%
- Direct costs	(19.0)	(20.2)	(22.3)	(31.1)	(34.9)	(37.5)
Gross profit	14.1	15.6	17.7	27.0	31.0	33.3
YoY growth	-56.4%	10.8%	13.1%	52.9%	14.6%	7.4%
Gross margin %	42.7%	43.6%	46.2%	46.5%	47.0%	47.0%
- Opex	(10.3)	(12.1)	(13.9)	(20.6)	(23.0)	(24.2)
EBITDA pre-stock grant	3.8	3.5	3.8	6.5	8.0	9.1
YoY growth	-43.5%	-6.0%	7.4%	69.9%	23.7%	13.5%
EBITDA margin %	11.4%	9.9%	9.5%	11.1%	12.1%	12.8%
- Stock grant	-	(0.1)	-	-	-	-
- D&A	(0.6)	(0.8)	(2.0)	(1.5)	(2.1)	(2.2)
EBIT	3.1	2.7	1.8	3.2	5.4	6.4
YoY growth	-34.7%	-14.7%	-31.0%	70.9%	70.8%	18.2%
EBIT margin %	9.5%	7.5%	4.6%	5.4%	8.2%	9.0%
- Financial income/(charges)	0.0	(0.2)	(1.3)	2.0	0.1	0.1
Pre-tax profit	3.2	2.5	0.6	5.2	5.5	6.5
- Income tax	(0.7)	(0.7)	0.0	(1.3)	(1.4)	(1.6)
Tax rate %	20.8%	28.8%	-0.7%	25.0%	25.0%	25.0%
Net income from cont. op.	2.5	1.8	0.6	3.9	4.1	4.8
YoY growth	-35.1%	-30.4%	-67.8%	584.0%	6.4%	17.8%
Net profit margin %	7.6%	4.9%	1.4%	6.7%	6.2%	6.9%

Source: Intermonte SIM (E), company data (A)

Balance sheet

	2016A	2017A	2018A	2019E	2020E	2021E
Inventories	3.1	2.5	3.1	4.4	5.0	5.3
Trade receivables	23.7	14.7	14.0	19.1	21.7	23.3
Trade payables	(1.6)	(1.3)	(1.4)	(2.0)	(2.3)	(2.4)
Other current asset/(liab)	(16.0)	(9.1)	(8.4)	(8.4)	(8.4)	(8.4)
Net working capital	9.3	6.8	7.4	13.1	16.0	17.8
Intangible assets	3.5	2.0	5.0	3.8	2.5	1.1
Goodwill	17.8	5.4	12.8	17.7	17.7	17.7
Tangible assets	1.6	0.8	3.7	3.6	3.3	3.1
Financial asset	2.5	0.7	1.5	1.5	1.5	1.5
Long-term liab	(5.8)	(3.1)	(4.3)	(4.3)	(4.3)	(4.3)
Non-current asset/(liab.)	19.6	5.8	18.6	22.3	20.7	19.1
Net capital employed	28.9	12.6	26.0	35.4	36.7	36.8
Net debt/(cash)	(5.4)	(87.3)	(60.4)	(49.0)	(49.1)	(50.9)
Minorities	-	-	-	-	-	-
Equity	34.3	99.9	86.3	84.4	85.8	87.8
Invested capital	28.9	12.6	26.0	35.4	36.7	36.8

Source: Intermonte SIM (E), company data (A)

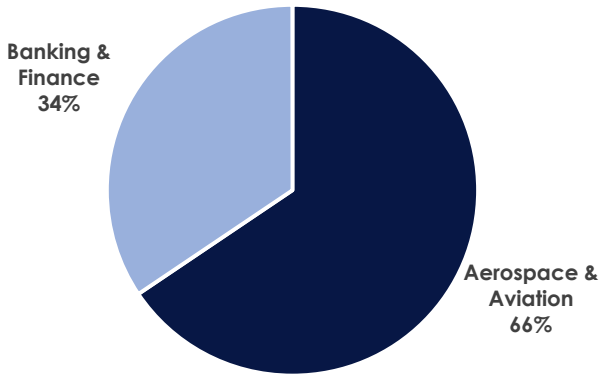
Cash flow statement

	2016A	2017A	2018A	2019E	2020E	2021E
NFP beginning of the period	8.3	5.4	87.3	60.4	49.0	49.1
Net income	5.6	68.6	0.6	3.9	4.1	4.8
+ D&A	0.6	0.8	2.0	3.3	2.6	2.7
Change in working capital	0.6	9.5	(0.3)	(5.7)	(2.9)	(1.8)
Adjustment	2.0	(78.6)	(0.8)	-	-	-
Cash flow from operations	8.8	0.2	1.4	1.4	3.8	5.7
Capex	(0.7)	(0.7)	(0.5)	(0.9)	(1.0)	(1.1)
FCF (ex. acq)	8.0	(0.5)	0.9	0.6	2.8	4.7
Acquisitions	(5.4)	82.3	(6.7)	(6.1)	-	-
Dividends	(2.9)	(3.5)	(11.7)	(5.8)	(2.7)	(2.9)
Buyback	(0.8)	(0.0)	(4.4)	-	-	-
Other	(1.7)	3.7	(5.1)	-	0.0	(0.0)
Change in NFP	(2.9)	81.9	(27.0)	(11.4)	0.1	1.8
NFP end of the period	5.4	87.3	60.4	49.0	49.1	50.9

Source: Intermonte SIM (E), company data (A)

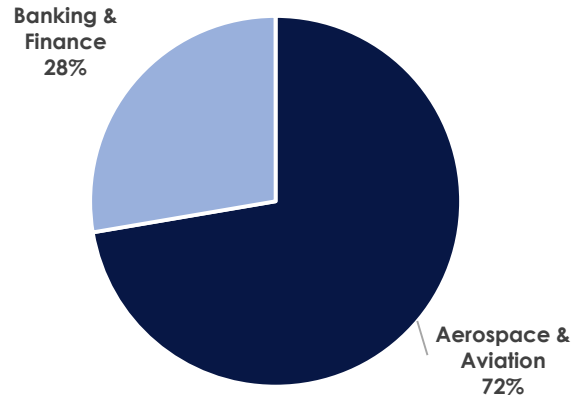
Appendix

Revenue breakdown by business (2019E)



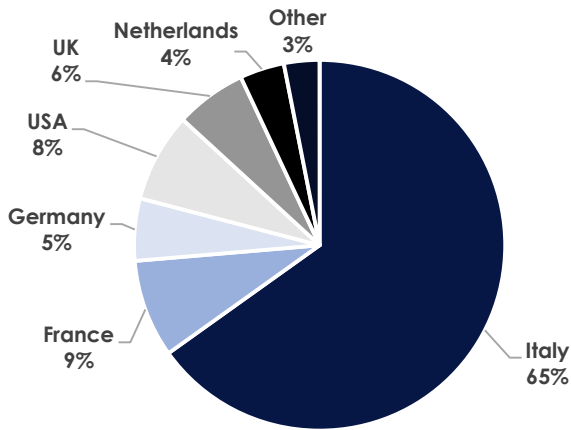
Source: Intermonte SIM (E)

EBITDA breakdown by business (2019E)



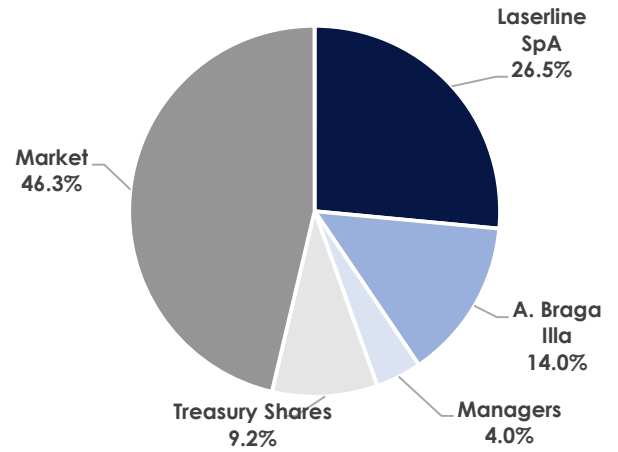
Source: Intermonte SIM (E)

Revenue breakdown by country (2018)



Source: Intermonte SIM (E)

Shareholding Structure



Source: Consob

Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
TXT E-SOLUTIONS	9.77	EUR	127	19.4%	19.3%	16.9%	19.4%	23.8%	2.6%
AMERICAN SOFTWARE	16.89	USD	530	4.9%	24.0%	31.0%	61.6%	45.2%	41.6%
ATOSS SOFTWARE	139.50	EUR	555	10.7%	11.2%	21.3%	77.5%	86.5%	92.1%
CAPGEMINI	106.55	EUR	17,772	-3.1%	2.9%	2.1%	22.8%	2.9%	6.2%
COMPUTACENTER	14.26	GBP	1,602	10.9%	1.9%	16.3%	41.7%	27.1%	35.7%
DESCARTES SYSTEMS	54.40	CAD	4,576	1.8%	21.4%	0.8%	51.0%	44.0%	43.6%
DEVOTEAM	84.10	EUR	689	5.8%	-13.3%	-16.1%	1.9%	-11.9%	15.2%
MANHATTAN ASSOCIATE	76.88	USD	4,913	-8.6%	-6.9%	18.6%	81.4%	54.2%	87.1%
ORACLE	56.42	USD	185,200	0.1%	7.3%	3.4%	25.0%	11.4%	15.6%
REPLY	66.50	EUR	2,488	17.6%	30.6%	16.7%	50.9%	39.9%	43.3%
SAP	122.60	EUR	146,335	6.2%	15.9%	8.5%	41.0%	33.0%	27.8%
SOPRA GROUP	132.10	EUR	2,671	11.1%	17.8%	23.1%	63.8%	54.9%	-10.9%
SQS SOFTWARE	---	EUR	---	---	---	---	---	---	---
Mean performance				6.4%	11.0%	11.9%	44.8%	34.3%	33.3%
Italy FTSE Mib	23,588.6	EUR		5.5%	17.8%	13.1%	28.7%	24.8%	6.5%

Source: FactSet

Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales	EV/Sales	EV/Ebitda	EV/Ebitda	EV/Ebit	EV/Ebit	P/E	P/E	Div Yield	Div Yield
				2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
TXT E-SOLUTIONS	9.77	EUR	127	1.3	1.2	12.1	9.8	15.8	13.2	29.4	27.7	2.4%	2.5%
AMERICAN SOFTWARE	16.89	USD	530	3.9	3.7	31.3	24.7	62.6	40.9	57.3	42.8		
ATOSS SOFTWARE	139.50	EUR	555	7.4	6.5	23.1	20.5	26.9	23.6	42.1	37.5	1.2%	1.3%
CAPGEMINI	106.55	EUR	17,772	1.3	1.2	8.7	7.7	10.7	9.7	16.7	15.1	1.8%	1.9%
COMPUTACENTER	14.26	GBP	1,602	0.3	0.3	9.0	8.5	11.1	10.4	16.7	16.1	2.4%	2.5%
DESCARTES SYSTEMS	54.40	CAD	4,576	10.4	9.2	27.9	24.2	61.6	46.1	96.2	68.8	0.0%	0.0%
DEVOTEAM	84.10	EUR	689	0.8	0.7	7.8	6.6	8.2	6.8	17.2	14.7	1.3%	1.5%
MANHATTAN ASSOCIATE	76.88	USD	4,913	7.8	7.2	32.1	32.8	33.8	35.4	46.8	50.0		
ORACLE	56.42	USD	185,200	5.3	5.1	11.0	10.5	12.0	11.5	14.6	13.4	1.6%	1.7%
REPLY	66.50	EUR	2,488	2.1	1.8	12.8	11.5	15.9	14.4	22.7	21.1	0.7%	0.8%
SAP	122.60	EUR	146,335	5.8	5.3	18.7	16.0	19.6	17.4	24.5	22.2	1.2%	1.4%
SOPRA GROUP	132.10	EUR	2,671	0.7	0.7	7.2	6.1	10.2	8.2	13.9	11.3	1.7%	2.1%
SQS SOFTWARE		EUR											
Median				3.9	3.7	12.8	11.5	15.9	14.4	22.7	21.1	1.3%	1.5%

Source: Intermonte SIM estimates for covered companies, FactSet consensus estimates for peer group

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	TXT E-SOLUTIONS		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	12.40	Previous Target (Eu):	12.10
Current Price (Eu):	9.77	Previous Price (Eu):	8.36
Date of report:	18/11/2019	Date of last report:	06/08/2019

DISCLAIMER (for more details go to [DISCLAIMER](#))**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

GUIDE TO FUNDAMENTAL RESEARCH

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P/IB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period ;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 30 June 2019 Intermonte's Research Department covered 121 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	14.39 %
OUTPERFORM:	46.21 %
NEUTRAL:	35.61 %
UNDERPERFORM	03.79 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (50 in total) is as follows:

BUY:	20.00 %
OUTPERFORM:	56.00 %
NEUTRAL:	24.00 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

within the last year, **Intermonte SIM** managed or co-managed/is managing or is co-managing an Institutional Offering and/or managed or co-managed/is managing or is co-managing an offering with firm commitment underwriting of the securities of the following Companies: Capital For Progress 2, IEG, Techedge.

Intermonte SIM is acting as placement agent in Il Sole 24 Ore's capital increase with an agreement with the company for the publication of an equity research regarding the company and the transaction. Intermonte will receive fees from the company for its activity as placement agent.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Aeroporto di Bologna, Alkemy, Banca Ifis, Cellularine, ePrice, Falck Renewables, Gamenet, H-Farm, Iervolino, Mittel, Retelit, Saes Getters, Saras, Witi.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Aedes, Alkemy, Aquafil, ASTM, Avio, Azimut, B&C Speakers, Banca Ifis, Banca Sistema, Be, Brioschi Sviluppo Immobiliare, Cattolica Assicurazioni, CFT, Cellularine, DeA Capital, DigiTouch, ELEn, Emak, ePrice, Falck Renewables, Fine Foods, Fimit Fondo Alpha, First Capital, Gamenet, Gefran, GO Internet, GPI, Guala Closure, H-Farm, Iervolino Entertainment, IEG, Indel B, Industrial Star of Italy 3, Italiaonline, LU-VE, Notorious Picture, Nova RE, Operjombmetis, QF Alpha Immobiliare, Reno de Medici, Reply, Retelit, Saes Getters, Servizi Italia, Sesa, Somec, Tamburi Investment Partners, Tesmec, Tinexta, TXT e-solutions, Vetrya, Witi.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following companies: Banca Sistema, Cattolica, Restart.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STIM, Tenaris, Telecom Italia, Telecom Italia sav, Tema, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM is a member of the CBOE Europe Equities Liquidity Provider Program for the following financial instruments: A2A, Atlantia, ATSM, Autogrill, Azimut Holding, Banca Generali, Banca Mediolanum, Banco BPM, Bca Monte dei Paschi di Siena, Bca Pop Emilia Romagna, Banca Pop Sondrio, Buzzi Unicem, Buzzi Unicem rsp, Campari, CIR- Compagnie Industriali Riunite, Credito Emiliano, Danieli & C., Danieli & C. Risparmio, Diasorin, Enel, Eni, Generali, Hera, Intesa Sanpaolo, Iren, Italgas, Italmobiliare, Leonardo, Maire Tecnimont, Mediaset, Mediobanca, Pirelli & C., Poste Italiane, Prysmian, Recordati, S.I.A.S., Saipem, Salini Impregilo, Salvatore Ferragamo, Snam, Telecom Italia, Telecom Italia rsp, Tema, Tod's, UBI Banca, Unicredit, Unipol, Unipolsai.

Through its Websim Division, **Intermonte SIM** acts as a Retail Investor Research Provider on behalf in regard to the following companies: Aedes, Banca Ifis, Banca Sistema, Cattolica Assicurazioni, Cellularine, CFT Group, Circle, Coima RES, Comer Industries, Crowdfundme, Digital Bros, Digital Magics, Elettra Investimenti, Falck Renewables, Fiera Milano, Finlogix, First Capital, FOPE, Gefran, Generali Assicurazioni, Giglio, Go Internet, H-Farm, Ilpra, Indel B, IS/Salcef, Italiaonline, La Doria, LVenture, MailUp, Maps, Masi Agricola, Molmed, Neodecortech, Piaggio, Portale Sardegna, Primi sui Motori, Retelit, Safe Bag, Somec, SOS Travel, Tinexta, TPS, WITT,

Through its Websim Division, **Intermonte SIM** carries out marketing / communication activities on behalf of the following equity crowdfunding 200Crowd, BacktoWork24, Crowdfundme, Opstart and the following issuers: Banca IMI, BNP Paribas, Credit Suisse, Exane, Leonteq, Unicredit, Vontobel, Wisdomtree.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short
LIFE CARE CAPITAL	0,52	LONG
SPACTIV	0,78	LONG
THESPAC	0,83	LONG
VEI 1	0,65	LONG

© Copyright 2019 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid .

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available