

TXT E-SOLUTIONS OUTPERFORM

Price (Eu): **8.36**

Target Price (Eu): **12.10**

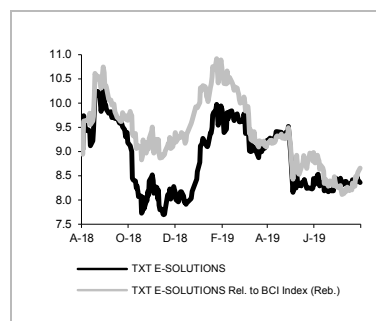
SECTOR: Industrials

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Solid Organic Trend Expected to Continue in 2H19

- 2Q19 organic revenue growth stronger than expected.** Quarterly revenues came in at Eu15.1mn, up +57.3% YoY (+27% organic) and 15% above our estimates. The surprise came at the Aerospace and Aviation business (65% of total sales, up 25% YoY organically) as well as the Fintech business, which grew 200% YoY thanks to 37% organic growth and the consolidation of recent acquisitions Cheleo and Assioma. EBITDA came to Eu1.5mn, up 69% YoY and 8.3% stronger than expected. Below the EBITDA line, it is worth noting the non-recurring charges of Eu0.35mn, not included in our estimates. At bottom line, quarterly net profit was Eu0.7mn, much higher than our Eu0.4mn forecast thanks also to a Eu0.5mn net contribution from financial income generated by liquidity management. Finally, the net financial position as at the end of June 2019 was positive to the tune of Eu44.2mn, compared to Eu60.4mn as at YE18, after the dividend distribution (Eu5.8mn), the outlay to acquire Assioma (Eu5.mn), purchase of treasury shares (Eu1.0mn), recognition of payables for a new leasing contract for offices according to IFRS 16 (Eu2.2mn), and NWC absorption (Eu1.4mn).
- Positive management outlook.** In 3Q19, management sees further revenue growth in terms of both organic growth and the contribution from acquisitions Cheleo and Assioma. EBITA is expected to significantly improve YoY. On 15 July 2019, the Board of Directors co-opted Daniele Misani, the new managing director of Aerospace & Aviation, and Alessandro Arrigoni as Directors. The two directors replace Marco Guida and Paolo Matarazzo, both of whom resigned
- Changes to estimates.** We have updated our estimates to take into account stronger revenue trends but with slightly lower profitability for 2019 and 2020, resulting in +1.6%/+3.3% EBITDA increases. At bottom line, we are implementing 3.8%/3.5% upward revisions to 2019 and 2020 EPS.
- OUTPERFORM confirmed; target Eu12.1 unchanged.** After a positive set of 2Q19 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. Finally, we believe that the positive business momentum should facilitate the management transition.

TXT E-SOLUTIONS - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): Unchanged

Ch. in Adj.EPS est:	2019E	2020E
	3.8%	3.5%

STOCK DATA

Reuters code: TXTS.MI
Bloomberg code: TXT IM

Performance	1m	3m	12m
Absolute	-0.6%	-12.2%	-14.3%
Relative	4.4%	-8.4%	-11.0%
12 months H/L:	10.26/7.70		

SHAREHOLDER DATA

No. of Ord. shares (mn):	13
Total No. of shares (mn):	12
Mkt Cap Ord (Eu mn):	109
Total Mkt Cap (Eu mn):	109
Mkt Float - ord (Eu mn):	50
Mkt Float (in %):	46.3%
Main shareholder:	
Enrico Magni (Laserline)	25.6%

BALANCE SHEET DATA

	2019
Book value (Eu mn):	83
BVPS (Eu):	7.17
P/BV:	1.2
Net Financial Position (Eu mn):	49
Enterprise value (Eu mn):	60

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Key Figures	2017A	2018A	2019E	2020E	2021E
Sales (Eu mn)	36	40	56	63	68
Ebitda (Eu mn)	3	4	6	8	9
Net profit (Eu mn)	69	1	3	4	5
EPS - New Adj.(Eu)	0.149	0.049	0.254	0.342	0.394
EPS - Old Adj.(Eu)	0.149	0.049	0.245	0.331	0.378
DPS (Eu)	1.000	0.500	0.203	0.274	0.316
Ratios & Multiples	2017A	2018A	2019E	2020E	2021E
P/E Adj.	55.9	nm	32.9	24.4	21.2
Div. Yield	12.0%	6.0%	2.4%	3.3%	3.8%
EV/Ebitda Adj.	6.0	12.7	10.0	7.6	6.7
ROCE	12.9%	9.6%	10.0%	14.7%	16.8%

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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	56	63	68
	EBITDA	3	4	6	8	9
	EBIT	3	2	3	5	6
	Financial income (charges)	(0)	(1)	1	0	0
	Associates & Others	0	0	0	0	0
	Pre-tax profit (Loss)	2	1	4	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	3	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	4	5	6	
Net profit restated	2	1	3	4	5	
PER SHARE DATA (Eu)	Total shares out (mn) - average fd	13	12	12	12	12
	EPS stated fd	0.149	0.049	0.254	0.342	0.394
	EPS restated fd	0.149	0.049	0.254	0.342	0.394
	BVPS fd	7.680	7.414	7.168	7.307	7.428
	Dividend per share (ord)	1.000	0.500	0.203	0.274	0.316
	Dividend per share (sav)	0.000	0.000	0.000	0.000	0.000
	Dividend pay out ratio (%)	17.1%	1030.7%	80.0%	80.0%	80.0%
CASH FLOW (Eu mn)	Gross cash flow	(9)	2	6	7	7
	Change in NWC	9	(0)	(5)	(3)	(2)
	Capital expenditure	(1)	(1)	(1)	(1)	(1)
	Other cash items	(0)	(4)	0	0	0
	Free cash flow (FCF)	(0)	1	0	3	4
	Acquisitions, divestments & others	82	(7)	(6)	0	0
	Dividend	(3)	(12)	(6)	(2)	(3)
	Equity financing/Buy-back	0	0	0	0	0
Change in Net Financial Position	82	(27)	(12)	1	1	
BALANCE SHEET (Eu mn)	Total fixed assets	9	23	27	25	24
	Net working capital	7	7	12	15	17
	Long term liabilities	(3)	(4)	(4)	(4)	(4)
	Net capital employed	13	26	35	36	36
	Net financial position	87	60	49	49	50
	Group equity	100	86	83	85	87
	Minorities	0	0	0	0	0
Net equity	100	86	83	85	87	
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	109	109	109	109	109
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	87	60	49	49	50
	Enterprise value	21	48	60	60	58
RATIOS(%)	EBITDA margin*	9.9%	9.5%	10.8%	12.4%	12.8%
	EBIT margin*	7.5%	4.6%	6.3%	8.3%	8.9%
	Gearing - Debt/equity	-87.4%	-69.9%	-58.3%	-57.8%	-58.3%
	Interest cover on EBIT	12.8	1.4	nm	nm	nm
	Debt/Ebitda	nm	nm	nm	nm	nm
	ROCE*	12.9%	9.6%	10.0%	14.7%	16.8%
	ROE*	nm	0.6%	3.5%	4.7%	5.4%
	EV/CE	1.0	2.5	2.0	1.7	1.6
	EV/Sales	0.6	1.2	1.1	0.9	0.9
	EV/Ebit	8.0	26.2	17.0	11.4	9.7
Free Cash Flow Yield	-0.4%	0.8%	0.2%	2.7%	4.1%	
GROWTH RATES (%)	Sales	8.4%	11.4%	39.8%	12.9%	7.9%
	EBITDA*	-6.0%	7.4%	58.7%	29.6%	11.7%
	EBIT*	-14.7%	-31.0%	92.1%	47.0%	15.6%
	Net profit	1134.1%	-99.2%	423.7%	34.6%	15.3%
	EPS restated	-30.9%	-67.5%	423.7%	34.6%	15.3%

* Excluding extraordinary items

Source: Intermonte SIM estimates

2Q19 results

Quarterly income statement

	2Q18A	2Q19	2Q19E	A/E %	1H18A	1H19
Revenue	9.6	15.1	13.2	14.9%	19.0	27.0
YoY growth		57.3%	36.9%		6.1%	42.0%
Organic		27.1%	11.4%		6.1%	22.0%
Scope		30.2%	25.4%		0.0%	20.0%
EBITDA IFRS	0.9	1.5	1.4	8.3%	2.1	2.8
YoY growth		68.8%	55.8%		8.8%	34.8%
EBITDA IFRS margin %	9.2%	9.9%	10.5%		10.9%	10.3%
- D&A	(0.4)	(0.6)	(0.6)		(0.9)	(1.2)
EBITA	0.4	0.9	0.8	3.9%	1.2	1.6
YoY growth		96.1%	88.8%		-23.2%	32.9%
- Financial income/(charges)	(0.3)	0.5	(0.3)		(0.3)	1.8
Pre-tax profit	0.1	1.0	0.5	94.1%	0.9	3.0
- Income tax	0.2	(0.3)	(0.1)		(0.0)	(0.9)
Tax rate %	-141.2%	25.0%	25.0%		4.4%	28.5%
Net income from cont. op.	0.3	0.7	0.4	87.4%	0.9	2.2
YoY growth		127.4%	21.4%		-10.6%	149.5%
Net profit margin %	3.4%	4.9%	3.0%		4.6%	8.0%
Net debt/(cash)	(74.0)	(44.2)	(51.0)		(74.0)	(44.2)

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

2Q19 organic revenue growth stronger than expected. Quarterly revenues came in at Eu15.1mn, up +57.3% YoY (+27% organic) and 15% above our estimates. The surprise came at the Aerospace and Aviation business (65% of total sales, up 25% YoY organically) as well as the Fintech business, which grew 200% YoY thanks to 37% organic growth and the consolidation of recent acquisitions Cheleo and Assioma. EBITDA came to Eu1.5mn, up 69% YoY and 8.3% stronger than expected. Below the EBITDA line, it is worth noting the non-recurring charges of Eu0.35mn. At bottom line, quarterly net profit was Eu0.7mn, much higher than our Eu0.4mn forecast thanks also to a Eu0.5mn net contribution from financial income generated by liquidity management. Finally, the net financial position as at the end of June 2019 was positive to the tune of Eu44.2mn, compared to Eu60.4mn as at YE18, after the dividend distribution (Eu5.8mn), the outlay to acquire Assioma (Eu5.mn), purchase of treasury shares (Eu1.0mn), recognition of payables for a new leasing contract for offices according to IFRS 16 (Eu2.2mn), and NWC absorption (Eu1.4mn).

Changes to estimates

Changes to estimates

	New			Old			Change %		
	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
Revenue	55.9	63.1	68.1	52.4	59.8	64.8	6.7%	5.4%	5.1%
YoY growth	39.8%	12.9%	7.9%	31.0%	14.3%	8.2%			
Organic	17.8%	7.3%	7.9%	10.2%	8.3%	8.2%			
Scope	22.0%	5.6%	0.0%	20.8%	6.0%	0.0%			
EBITDA pre-stock grant	6.0	7.8	8.7	5.9	7.6	8.3	1.6%	3.3%	5.1%
YoY growth	58.7%	29.6%	11.7%	56.2%	27.5%	9.8%			
EBITDA margin %	10.8%	12.4%	12.8%	11.3%	12.6%	12.8%			
EBITDA IFRS	6.0	7.8	8.7	5.9	7.6	8.3	1.6%	3.3%	5.1%
YoY growth	58.7%	29.6%	11.7%	56.2%	27.5%	9.8%			
EBITDA IFRS margin %	10.8%	12.4%	12.8%	11.3%	12.6%	12.8%			
- D&A	(2.5)	(2.6)	(2.7)	(2.5)	(2.5)	(2.5)			
EBITA	3.5	5.2	6.0	3.4	5.0	5.8	2.8%	3.6%	4.4%
YoY growth	92.1%	47.0%	15.6%	87.0%	45.9%	14.7%			
EBITA margin %	6.3%	8.3%	8.9%	6.6%	8.4%	8.9%			
EBIT	3.0	5.2	6.0	3.4	5.0	5.8	-11.7%	3.6%	4.4%
YoY growth	65.0%	71.1%	15.6%	87.0%	45.9%	14.7%			
EBIT margin %	5.4%	8.3%	8.9%	6.6%	8.4%	8.9%			
Pre-tax profit	3.9	5.3	6.1	3.8	5.1	5.9	3.8%	3.5%	4.3%
- Income tax	(1.0)	(1.3)	(1.5)	(0.9)	(1.3)	(1.5)			
Tax rate %	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%			
Net income from cont. op.	3.0	4.0	4.6	2.8	3.8	4.4	3.8%	3.5%	4.3%
YoY growth	423.7%	34.6%	15.3%	404.4%	35.1%	14.4%			
Net profit margin %	5.3%	6.3%	6.7%	5.4%	6.4%	6.8%			
EPS adj.	0.25	0.34	0.39	0.24	0.33	0.38	3.8%	3.5%	4.3%
YoY growth	423.7%	34.6%	15.3%	404.4%	35.1%	14.4%			
Net cash/(debt)	48.6	49.2	50.5	49.4	49.8	50.9	-1.5%	-1.2%	-0.8%

Source: Intermonte SIM (E)

Revenue breakdown estimates

	2018A	2019E	2020E	2021E
Aerospace & Aviation	31.1	36.6	39.6	43.1
YoY growth	12.0%	17.8%	8.0%	9.0%
Organic	12.0%	17.8%	8.0%	9.0%
Scope	0.0%	0.0%	0.0%	0.0%
Banking & Finance	8.9	19.2	23.5	24.9
YoY growth	9.8%	117.3%	22.3%	6.0%
Organic	-7.8%	18.0%	6.0%	6.0%
Scope	17.6%	99.3%	16.3%	0.0%
Revenue	40.0	55.9	63.1	68.1
YoY growth	11.4%	39.8%	12.9%	7.9%
Organic	7.5%	17.8%	7.3%	7.9%
Scope	4.0%	22.0%	5.6%	0.0%
Forex	-0.5%	0.0%	0.0%	0.0%

Source: Intermonte SIM (E)

Financials

Income statement

	2016A	2017A	2018A	2019E	2020E	2021E
Revenue	33.1	35.9	40.0	55.9	63.1	68.1
YoY growth	-46.3%	8.4%	11.4%	39.8%	12.9%	7.9%
Organic	-57.0%	2.1%	7.5%	17.8%	7.3%	7.9%
Scope	10.7%	6.4%	4.0%	22.0%	5.6%	0.0%
- Direct costs	(19.0)	(20.2)	(22.3)	(29.9)	(33.4)	(36.1)
Gross profit	14.1	15.6	17.7	26.0	29.7	32.0
YoY growth	-56.4%	10.8%	13.1%	47.1%	14.1%	7.9%
Gross margin %	42.7%	43.6%	46.2%	46.5%	47.0%	47.0%
- Opex	(10.3)	(12.1)	(13.9)	(20.0)	(21.8)	(23.3)
EBITDA pre-stock grant	3.8	3.5	3.8	6.0	7.8	8.7
YoY growth	-43.5%	-6.0%	7.4%	58.7%	29.6%	11.7%
EBITDA margin %	11.4%	9.9%	9.5%	10.8%	12.4%	12.8%
- Stock grant	-	(0.1)	-	-	-	-
- D&A	(0.6)	(0.8)	(2.0)	(2.5)	(2.6)	(2.7)
EBIT	3.1	2.7	1.8	3.0	5.2	6.0
YoY growth	-34.7%	-14.7%	-31.0%	65.0%	71.1%	15.6%
EBIT margin %	9.5%	7.5%	4.6%	5.4%	8.3%	8.9%
- Financial income/(charges)	0.0	(0.2)	(1.3)	0.9	0.1	0.1
Pre-tax profit	3.2	2.5	0.6	3.9	5.3	6.1
- Income tax	(0.7)	(0.7)	0.0	(1.0)	(1.3)	(1.5)
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	3.0	4.0	4.6
YoY growth	-35.1%	-30.4%	-67.8%	423.7%	34.6%	15.3%
Net profit margin %	7.6%	4.9%	1.4%	5.3%	6.3%	6.7%

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

Balance sheet

	2016A	2017A	2018A	2019E	2020E	2021E
Inventories	3.1	2.5	3.1	4.2	4.8	5.1
Trade receivables	23.7	14.7	14.0	18.4	20.7	22.4
Trade payables	(1.6)	(1.3)	(1.4)	(1.9)	(2.2)	(2.3)
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	12.3	14.9	16.8
Intangible assets	3.5	2.0	5.0	4.7	3.7	2.7
Goodwill	17.8	5.4	12.8	17.7	17.7	17.7
Tangible assets	1.6	0.8	3.7	3.0	2.4	1.7
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	22.6	20.9	19.3
Net capital employed	28.9	12.6	26.0	34.9	35.9	36.0
Net debt/(cash)	(5.4)	(87.3)	(60.4)	(48.6)	(49.2)	(50.5)
Minorities	-	-	-	-	-	-
Equity	34.3	99.9	86.3	83.5	85.1	86.5
Invested capital	28.9	12.6	26.0	34.9	35.9	36.0

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

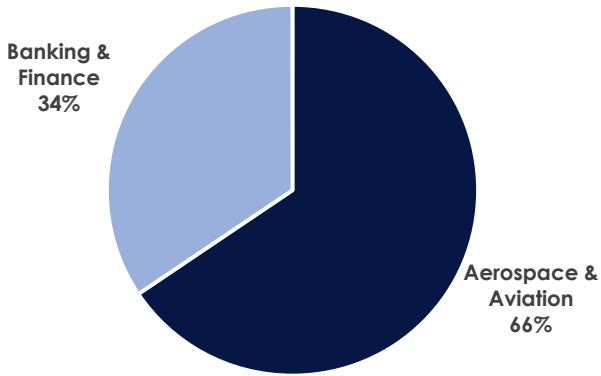
Cash flow statement

	2016A	2017A	2018A	2019E	2020E	2021E
NFP beginning of the period	8.3	5.4	87.3	60.4	48.6	49.2
Net Income	5.6	68.6	0.6	3.0	4.0	4.6
+ D&A	0.6	0.8	2.0	3.0	2.6	2.7
Change in working capital	0.6	9.5	(0.3)	(4.9)	(2.7)	(1.8)
Adjustment	2.0	(78.6)	(0.8)	-	-	-
Cash flow from operations	8.8	0.2	1.4	1.0	3.9	5.5
Capex	(0.7)	(0.7)	(0.5)	(0.8)	(0.9)	(1.0)
FCF (ex. acq)	8.0	(0.5)	0.9	0.2	3.0	4.4
Acquisitions	(5.4)	82.3	(6.7)	(6.1)	-	-
Dividends	(2.9)	(3.5)	(11.7)	(5.8)	(2.4)	(3.2)
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)	(11.7)	0.6	1.2
NFP end of the period	5.4	87.3	60.4	48.6	49.2	50.5

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

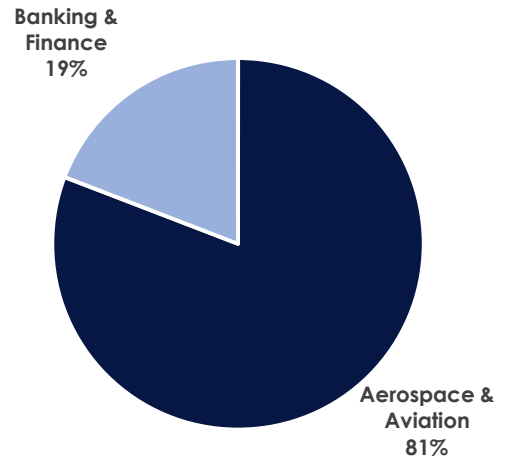
Appendix

Revenue breakdown by business (2019E)



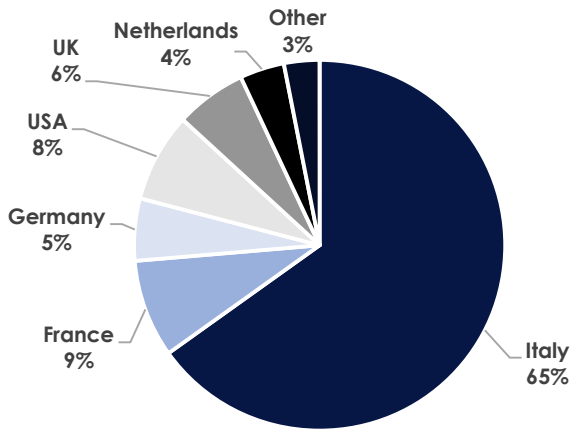
Source: Intermonte SIM (E)

EBITDA breakdown by business (2019E)



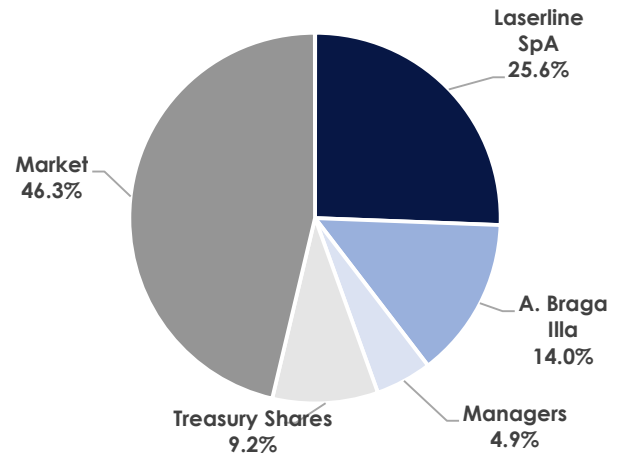
Source: Intermonte SIM (E)

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	8.36	EUR	109	-0.6%	-12.2%	-15.4%	2.2%	-14.3%	-29.6%
AMERICAN SOFTWARE	13.30	USD	417	-0.6%	-0.2%	17.6%	27.3%	-13.2%	39.4%
ATOSS SOFTWARE	130.00	EUR	517	-3.7%	15.6%	42.9%	65.4%	51.5%	69.4%
CAPGEMINI	107.65	EUR	17,955	-6.4%	0.3%	10.8%	24.0%	-1.7%	16.9%
COMPUTACENTER	14.50	GBP	1,629	8.2%	21.1%	35.0%	44.1%	-7.3%	62.7%
DESCARTES SYSTEMS	47.01	CAD	3,955	-3.6%	-14.3%	10.9%	30.5%	11.0%	41.4%
DEVOTEAM	100.60	EUR	811	-7.4%	-2.7%	-0.2%	21.9%	-5.6%	34.1%
MANHATTAN ASSOCIATE	78.66	USD	5,060	11.8%	15.6%	50.5%	85.7%	60.1%	79.8%
ORACLE	53.76	USD	179,334	-9.3%	-1.9%	4.9%	19.1%	10.9%	7.6%
REPLY	52.70	EUR	1,972	-14.9%	-9.2%	5.9%	19.6%	-5.6%	9.2%
SAP	106.18	EUR	126,736	-13.5%	-6.6%	14.3%	22.1%	6.4%	16.1%
SOPRA GROUP	111.50	EUR	2,252	11.3%	1.8%	25.4%	38.3%	-25.8%	-22.8%
SQS SOFTWARE	---	EUR	---	---	---	---	---	---	---
Mean performance				-2.4%	0.6%	16.9%	33.3%	5.5%	27.0%
Italy FTSE Mib	20,773.3	EUR		-5.5%	-4.5%	4.7%	13.4%	-3.8%	-5.3%

Source: FactSet

Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales		EV/Ebitda		EV/Ebit		P/E		Div Yield	
				2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
TXT E-SOLUTIONS	8.36	EUR	109	1.1	0.9	10.0	7.6	17.0	11.4	32.9	24.4	2.4%	3.3%
AMERICAN SOFTWARE	13.30	USD	417	3.0	2.9	23.6	18.9	44.4	30.4	46.7	35.9		
ATOSS SOFTWARE	130.00	EUR	517	7.0	6.1	23.8	20.6	25.2	21.8	39.9	34.9	1.3%	1.5%
CAPGEMINI	107.65	EUR	17,955	1.3	1.2	8.7	7.8	10.8	9.7	16.7	15.1	1.8%	1.9%
COMPUTACENTER	14.50	GBP	1,629	0.3	0.3	9.3	8.8	11.4	10.7	17.7	17.1	2.2%	2.3%
DESCARTES SYSTEMS	47.01	CAD	3,955	9.3	8.3	25.3	22.0	62.8	41.9	98.4	63.4		
DEVOTEAM	100.60	EUR	811	1.0	0.8	8.3	7.0	8.7	7.4	18.0	15.9	1.3%	1.5%
MANHATTAN ASSOCIATE	78.66	USD	5,060	8.2	7.6	36.5	32.7	38.6	35.0	53.1	49.5		
ORACLE	53.76	USD	179,334	5.0	4.7	10.3	9.7	11.3	10.6	13.9	12.9	1.7%	1.7%
REPLY	52.70	EUR	1,972	1.7	1.5	10.7	9.3	13.4	11.6	18.9	17.3	0.8%	0.9%
SAP	106.18	EUR	126,736	5.1	4.6	16.6	14.1	17.3	15.3	21.7	19.5	1.4%	1.6%
SOPRA GROUP	111.50	EUR	2,252	0.6	0.6	6.2	5.1	8.9	7.0	11.5	9.3	2.0%	2.5%
SQS SOFTWARE		EUR											
Median				3.0	2.9	10.7	9.7	13.4	11.6	18.9	17.3	1.5%	1.7%

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

TXT E-SOLUTIONS - Estimates Comparison with Consensus

(Eu mn)	2019			2020		
	Intermonte	Consensus	%diff	Intermonte	Consensus	%diff
Revenues	55.9	54.3	3.0%	63.1	61.2	3.1%
Ebitda	6.0	5.5	10.5%	7.8	7.3	7.6%
Net Profit	3.0	3.1	-3.2%	4.0	3.6	11.1%
EPS	0.254	0.306	-17.0%	0.342	0.345	-0.9%
Net Debt	48.6	50.1	-2.9%	49.2	53.2	-7.5%

Source: Intermonte SIM estimates and Factset consensus estimates

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	TXT E-SOLUTIONS			
Current Recomm:	OUTPERFORM		Previous Recomm:	OUTPERFORM
Current Target (Eu):	12.10		Previous Target (Eu):	12.10
Current Price (Eu):	8.36		Previous Price (Eu):	8.25
Date of report:	06/08/2019		Date of last report:	14/05/2019

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- 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.

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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;

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OUTPERFORM:	46,27 %
NEUTRAL:	36,57 %
UNDERPERFORM	03,73 %
SELL:	00,00 %

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OUTPERFORM:	54,17 %
NEUTRAL:	22,91 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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THESPAC	0,91	LONG
VEI 1	0,65	LONG
WASTE ITALIA	0,65	SHORT

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