

TXT E-SOLUTIONS

Sector: Industrials

OUTPERFORM

Price: Eu8.16 - Target: Eu12.20

Margins Stronger than Expected, We Reiterate Our View

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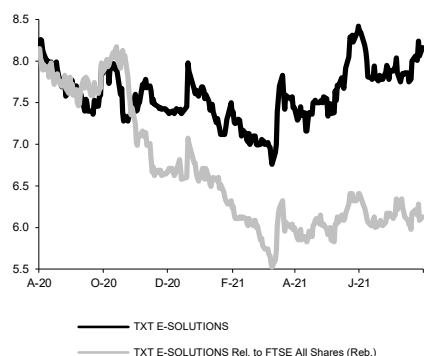
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 11.30 to 12.20		
	2021E	2022E	2023E
Chg in Adj EPS	0.9%	15.4%	14.2%

Next Event: 9M Results

 Results Out 8th November 2021

TXT E-SOLUTIONS - 12M Performance



Stock Data

Reuters code: TXTS.MI
 Bloomberg code: TXT IM

Performance	1M	3M	12M
Absolute	3.6%	7.8%	2.8%
Relative	-0.7%	1.4%	-31.5%
12M (H/L)	8.42/6.76		
3M Average Volume (th):	25.06		

Shareholder Data

No. of Ord shares (mn):	13
Total no. of shares (mn):	12
Mkt Cap Ord (Eu mn):	106
Total Mkt Cap (Eu mn):	106
Mkt Float - Ord (Eu mn):	53
Mkt Float (in %):	50.0%
Main Shareholder:	
Enrico Magni (Laserline)	29.6%

Balance Sheet Data

Book Value (Eu mn):	90
BVPS (Eu):	7.66
P/BV:	1.1
Net Financial Position (Eu mn):	5
Enterprise Value (Eu mn):	91

■ 2Q21 results beat estimates. 2Q21 revenues came to Eu22.2mn, +40.1% YoY and +2.8% better than expected. Revenues in the **Aerospace & Aviation** segment saw 19.3% organic growth to Eu12.3mn, an acceleration on the +4.4% YoY recorded in 1Q21 (on a tougher comp base), supported by the good performance of the Defence business. Elsewhere, **FinTech** revenues grew 79.1% thanks to the consolidation from acquisitions. International revenues in the first half account for 25% of total revenues. EBITDA came to Eu3.0mn, up 42.5% YoY and 4.1% stronger than expected, with the margin at 13.3% (vs. 13.1% in 1Q20 and vs. exp 13.2%). Below EBIT it is worth noting, as in 1Q21, a Eu0.2mn increase in D&A vs. 2Q20 due to the consolidation of companies acquired in 2020. At bottom line, net profit came to Eu0.8mn, 29.8% stronger than expected, but lower than the Eu2.5mn posted in 2Q20, a quarter that benefitted from Eu1.6mn in non-recurring financial income and a tax rate close to zero. The NFP was positive for Eu1.1mn, in line with our estimates and down on Eu22.1mn as at YE20, mainly due to the financial investment in Banca di Fucino (Eu14.3mn), the acquisition of the residual stake in Assiopay (Eu1.0mn), dividend payments (Eu0.5mn) and temporary WC absorption.

■ Enhancement of IoT offering via acquisition of TeraTron at ~5.1x 2021 EBITDA. On 29th July TXT signed a contract for the acquisition of 100% of the capital of German company TeraTron and started to consolidate its results as of 1st August 2021. TeraTron, which has been on the market for over 20 years, is a leader in innovative IoT solutions for digitalisation, automation and security, mainly in the Automotive, Industrial (Industry 4.0), and Healthcare markets, and also boasts a growing presence in other sectors with strong innovative and technological content. The client portfolio is international and includes multi-year relationships with international clients of high standing. For 2021, revenues of Eu9mn are expected, with profitability of c.Eu2mn. The outlay for the acquisition of TeraTron has been mutually agreed at Eu10.1mn in cash at closing.

■ Change in estimates, including TeraTron acquisition. We are updating our 2021 estimates to include the contribution of the recently-announced acquisition, while confirming our estimates on the previous footprint (2021 sales +24.9% YoY or +5.6% organic), supported by the 1H data announced. We now assume 32.5% YoY top line growth while adding Eu1.2mn and Eu2.0mn respectively to our 2021 and 2022 EBITDA forecasts. Having assumed a higher tax rate (from 25% to 28% in the long term), we are implementing overall upward revisions of 0.9% and 14.8% to net income in 2021 and 2022. Net cash for 2021 is seen at Eu5.2mn, down Eu12.1mn from our previous estimate after including the outlay for the recent M&A.

■ OUTPERFORM confirmed; target from Eu11.3 to Eu12.2. Our new target price reflects the upgrade in our estimates driven by the new acquisition. While we believe our FY21 forecast is highly visible, we expect the group to be well placed to continue its growth trajectory in 2021 and seize new M&A opportunities. We reaffirm our positive view on the stock, moving our target to Eu12.2 from Eu11.30 (calculated on a DCF model assuming 2.5% terminal growth and an 8.1% WACC).

Key Figures & Ratios	2019A	2020A	2021E	2022E	2023E
Sales (Eu mn)	59	69	91	102	109
EBITDA Adj (Eu mn)	7	9	12	14	15
Net Profit Adj (Eu mn)	0	4	5	7	8
EPS New Adj (Eu)	0.039	0.384	0.417	0.570	0.649
EPS Old Adj (Eu)	0.039	0.384	0.413	0.494	0.568
DPS (Eu)	0.000	0.040	0.065	0.088	0.100
EV/EBITDA Adj	8.9	8.0	7.6	6.0	5.1
EV/EBIT Adj	14.6	18.3	11.9	8.4	7.0
P/E Adj	nm	21.2	19.6	14.3	12.6
Div. Yield	0.0%	0.5%	0.8%	1.1%	1.2%
Net Debt/EBITDA Adj	-5.9	-2.6	-0.4	-0.8	-1.2

TXT E-SOLUTIONS – Key Figures

Profit & Loss (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Sales	40	59	69	91	102	109
EBITDA	4	7	9	12	14	15
EBIT	2	4	3	7	9	10
Financial Income (charges)	-1	-1	3	0	0	0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	1	2	6	7	10	11
Taxes	0	-2	-1	-2	-3	-3
Tax rate	-0.7%	80.6%	19.8%	32.0%	29.0%	28.0%
Minorities & Discontinued Operations	0	-0	-0	-0	-0	-0
Net Profit	1	0	5	5	7	8
EBITDA Adj	4	7	9	12	14	15
EBIT Adj	2	4	4	8	10	11
Net Profit Adj	1	0	4	5	7	8
Per Share Data (Eu)	2018A	2019A	2020A	2021E	2022E	2023E
Total Shares Outstanding (mn) - Average	12	12	12	12	12	12
Total Shares Outstanding (mn) - Year End	12	12	12	12	12	12
EPS f.d	0.049	0.039	0.384	0.417	0.570	0.649
EPS Adj f.d	0.049	0.039	0.384	0.417	0.570	0.649
BVPS f.d	7.414	7.028	7.337	7.663	8.184	8.762
Dividend per Share ORD	0.500	0.000	0.040	0.065	0.088	0.100
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	1030.7%	0.0%	10.4%	15.6%	15.4%	15.4%
Cash Flow (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Gross Cash Flow	2	4	10	10	11	12
Change in NWC	-0	-7	-16	1	-4	-3
Capital Expenditure	-1	-1	-1	-1	-2	-2
Other Cash Items	-4	-1	0	-0	0	0
Free Cash Flow (FCF)	1	-5	-7	9	6	8
Acquisitions, Divestments & Other Items	-7	-2	-17	-25	0	0
Dividends	-12	-6	0	-0	-1	-1
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	-27	-19	-19	-17	6	7
Balance Sheet (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Total Fixed Assets	23	35	47	44	41	38
Net Working Capital	7	10	21	20	24	26
Long term Liabilities	-4	-5	-5	-5	-5	-5
Net Capital Employed	26	41	64	60	60	60
Net Cash (Debt)	60	41	22	5	11	18
Group Equity	86	82	85	90	96	103
Minorities	0	0	0	0	0	0
Net Equity	86	82	85	90	96	103
Enterprise Value (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Average Mkt Cap	116	104	91	96	96	96
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	60	41	22	5	11	18
Enterprise Value	56	62	69	91	85	78
Ratios (%)	2018A	2019A	2020A	2021E	2022E	2023E
EBITDA Adj Margin	9.5%	11.9%	12.5%	13.1%	13.9%	14.0%
EBIT Adj Margin	4.6%	7.2%	5.5%	8.3%	9.9%	10.2%
Gearing - Debt/Equity	-69.9%	-50.6%	-25.8%	-5.7%	-11.3%	-17.4%
Interest Cover on EBIT	1.4	2.9	nm	nm	nm	nm
Net Debt/EBITDA Adj	-15.9	-5.9	-2.6	-0.4	-0.8	-1.2
ROACE*	9.6%	10.7%	6.0%	11.8%	15.7%	17.4%
ROE*	0.6%	0.5%	5.4%	5.6%	7.2%	7.7%
EV/CE	2.9	1.9	1.3	1.5	1.4	1.3
EV/Sales	1.4	1.1	1.0	1.0	0.8	0.7
EV/EBITDA Adj	14.7	8.9	8.0	7.6	6.0	5.1
EV/EBIT Adj	30.3	14.6	18.3	11.9	8.4	7.0
Free Cash Flow Yield	0.8%	-4.2%	-6.2%	8.7%	6.1%	7.6%
Growth Rates (%)	2018A	2019A	2020A	2021E	2022E	2023E
Sales	11.4%	47.8%	16.4%	32.5%	11.6%	7.5%
EBITDA Adj	7.4%	84.4%	22.2%	39.7%	17.8%	8.2%
EBIT Adj	-31.0%	131.4%	-12.2%	102.4%	32.9%	10.4%
Net Profit Adj	-99.2%	-20.5%	950.1%	8.0%	35.1%	13.4%
EPS Adj	-67.5%	-20.5%	896.4%	8.7%	36.5%	13.8%
DPS	-50.0%	nm	nm	62.9%	35.1%	13.4%

*Excluding extraordinary items

Source: Intermonte SIM estimates

TXT e-solutions in Brief

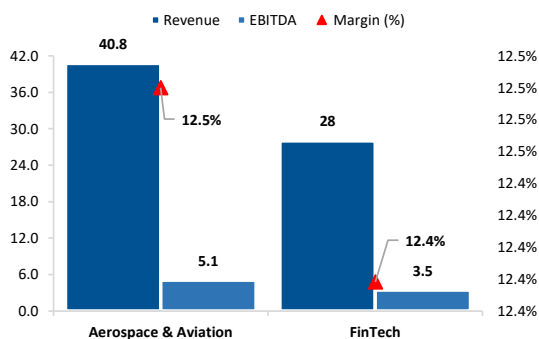
Company description

TXT e-solutions is an international IT group, end-to-end provider of consultancy, software services and solutions for: 1) the aerospace, aeronautics and automotive sector, where it offers specific products and engineering services; 2) the fintech sector where it focuses on software testing and quality services. Listed on Milan Stock Exchange since 2000 on the STAR segment, TXT has its head office in Milan

Strengths /Opportunities

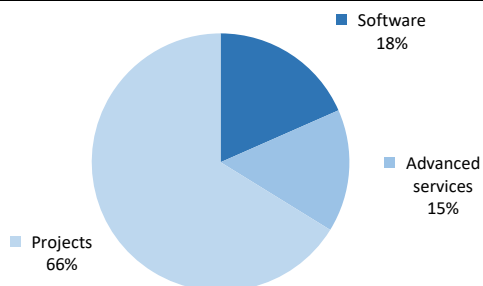
- Multi-year experience in the digital domain
- Proprietary software portfolio
- Highly specialised workforce
- Solid M&A track record
- Solid balance sheet
- Geographical expansion & product diversification

Revenues and EBITDA breakdown by segment (Eu mn, 2020A)



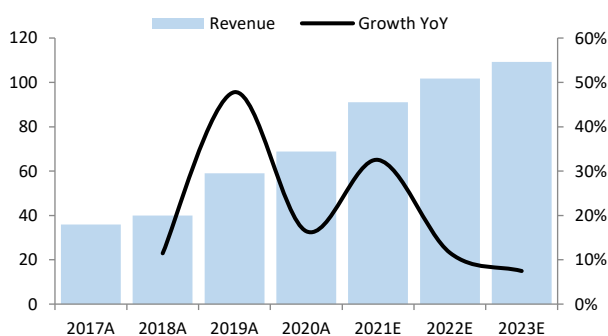
Source: Company data & Intermonte SIM

Aerospace & Aviation – Revenues breakdown (2020A)



Source: Company data & Intermonte SIM

Revenues evolution (2017A-2023E)



Source: Company data & Intermonte SIM

Management

CEO: Daniele Misani
Chairman: Enrico Magni
CFO: Eugenio Forcinito

Next BoD renewal: 12/2022
BoD independent members: 4/7

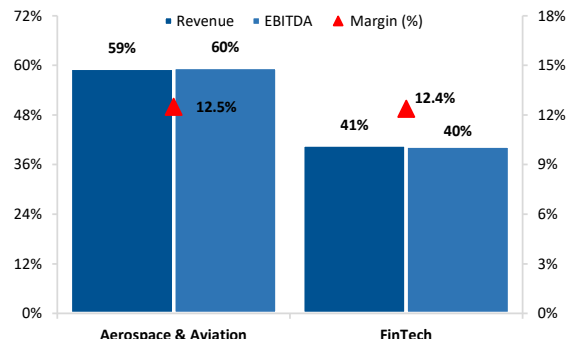
Shareholders

Laserline SpA	29.6%
Managers	10.3%
Treasury Shares	10.0%
Market	50.0%

Weaknesses /Threats

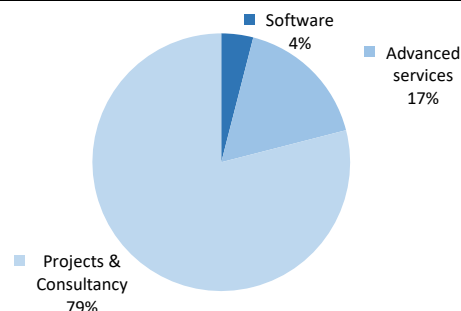
- High level of competition in the digital sector
- Business cyclicity especially in the Civil Aviation sector
- Limited company size
- New entrants in the sector and fierce competition
- Execution risk following the intended M&A operations and potential delays in integrating acquired company

Revenues and EBITDA breakdown by segment (% , 2020A)



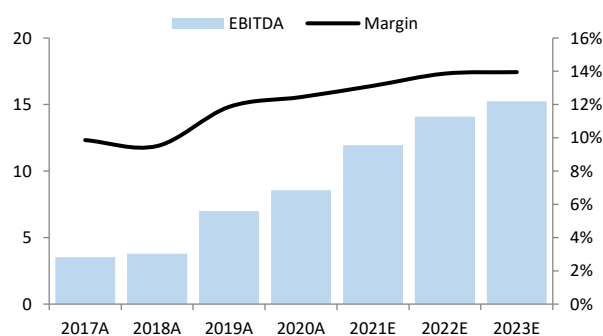
Source: Company data & Intermonte SIM

FinTech – Revenues breakdown (2020A)



Source: Company data & Intermonte SIM

EBITDA and Margin evolution (2017A – 2023E)



Source: Company data & Intermonte SIM

Quarterly Results

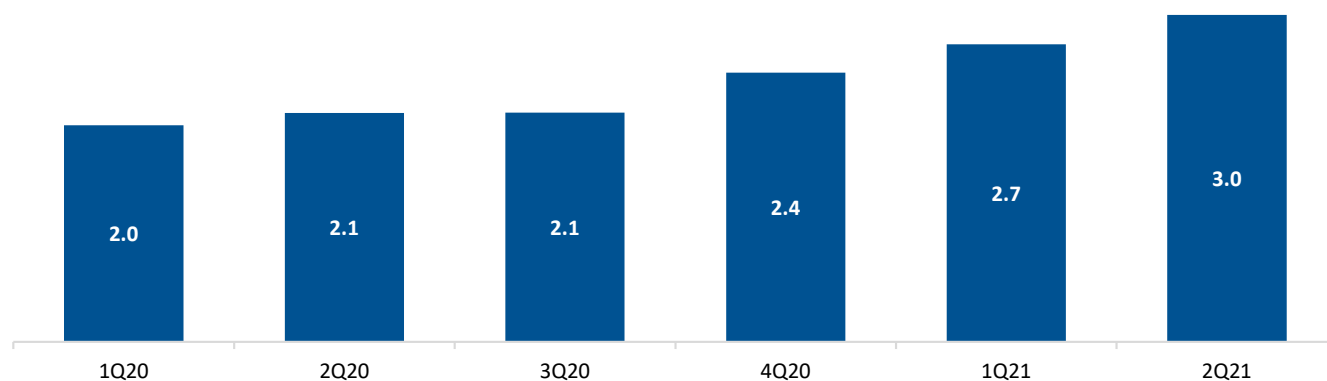
2Q21 results beat estimates. 2Q21 revenues came to Eu22.2mn, +40.1% YoY and +2.8% better than expected. Revenues in the **Aerospace & Aviation** segment saw 19.3% organic growth to Eu12.3mn, an acceleration on the +4.4% YoY recorded in 1Q21 (on a tougher comp base), supported by the good performance of the Defence business. Elsewhere, **FinTech** revenues grew 79.1% thanks to the consolidation from acquisitions. International revenues in the first half account for 25% of total revenues. EBITDA came to Eu3.0mn, up 42.5% YoY and 4.1% stronger than expected, with the margin at 13.3% (vs. 13.1% in 1Q20 and vs. exp 13.2%). Below EBIT it is worth noting, as in 1Q21, a Eu0.2mn increase in D&A vs. 2Q20 due to the consolidation of companies acquired in 2020. At bottom line, net profit came to Eu0.8mn, 29.8% stronger than expected, but lower than the Eu2.5mn posted in 2Q20, a quarter that benefitted from Eu1.6mn in non-recurring financial income and a tax rate close to zero. The NFP was positive for Eu1.1mn, in line with our estimates and down on Eu22.1mn as at YE20, mainly due to the financial investment in Banca di Fucino (Eu14.3mn), the acquisition of the residual stake in Assiipay (Eu1.0mn), dividend payments (Eu0.5mn) and temporary WC absorption.

TXT e-solutions - Quarterly results

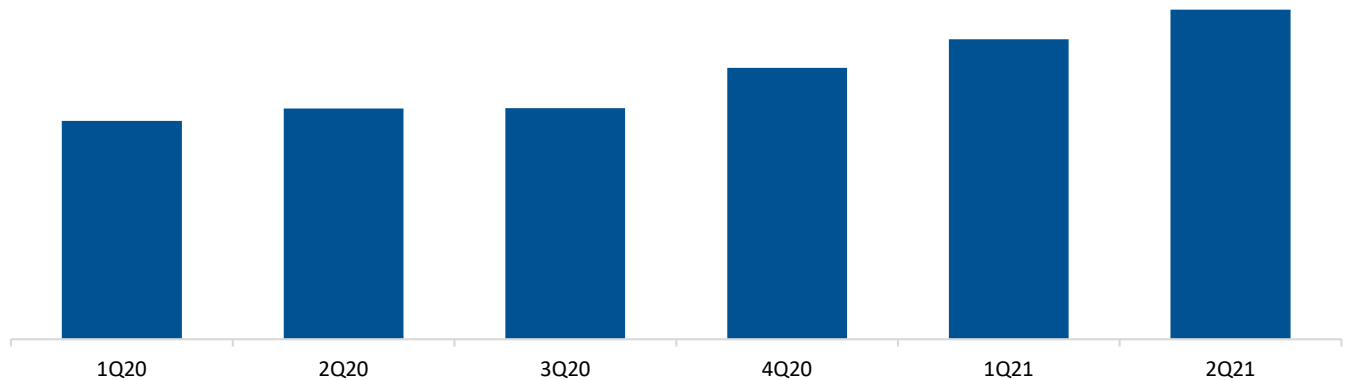
(Eu mn)	2Q20A	2Q21A	2Q21E	A/E %	1H20A	1H21A	1H21E	A/E %
Revenue	15.9	22.2	21.6	2.8%	32.1	43.7	43.1	1.4%
YoY growth	4.9%	40.1%	36.3%		18.9%	36.1%	34.2%	
EBITDA IFRS	2.1	3.0	2.8	4.1%	4.0	5.7	5.5	2.2%
YoY growth	38.8%	42.5%	37.0%		44.9%	40.1%	37.1%	
EBITDA IFRS margin %	13.1%	13.3%	13.2%		12.6%	13.0%	12.9%	
- D&A	(0.80)	(0.95)	(1.0)		(1.59)	(1.93)	(2.01)	
-Restructuring/Non Recurring costs	(0.35)	(0.32)	(0.3)		(0.35)	(0.32)	(0.30)	
EBIT	0.9	1.7	1.5	12.6%	2.1	3.4	3.2	5.9%
YoY growth	79.5%	82.3%	61.9%		68.7%	62.9%	53.8%	
EBIT margin %	5.9%	7.6%	7.0%		6.5%	7.8%	7.5%	
- Financial income/(charges)	1.6	0.0	0.0		0.9	0.3	0.3	
Pre-tax profit	2.5	1.7	1.5	10.4%	3.0	3.7	3.5	4.5%
- Income tax	(0.0)	(0.9)	(0.9)		(0.3)	(1.6)	(1.7)	
Tax rate %	0.6%	51%	58.4%		9%	44%	47%	
Net income from cont. op.	2.5	0.8	0.6	29.8%	2.7	2.1	1.9	10.2%
YoY growth	232.0%	-66%	-74.1%		26%	-24%	-31%	
Net profit margin %	15.6%	3.8%	3.0%		8.5%	4.7%	4.4%	
Net debt/(cash)	(38.3)	(11.1)	(11.0)		(38.3)	(11.1)	(11.0)	

Source: Company data & Intermonte SIM Estimates

TXT e-solutions - Quarterly revenues evolution by segment (1Q20A-2Q21A)



Source: Intermonte SIM



Source: Intermonte SIM

TXT e-solutions- Quarterly results by business segment

Revenue	2Q20A	2Q21A	2Q21E	A/E %	1H20A	1H21A	1H21E	A/E %
Aerospace & Aviation	10.3	12.3	11.8	4.6%	20.9	23.314	22.8	2.4%
<i>YoY growth</i>	5.6%	19.3%	14.0%		11.9%	11.8%	9.2%	
Organic	-48.2%	19.3%	14.0%		-8.1%	11.8%	9.2%	
<i>Scope</i>	53.9%	0.0%	0.0%		20.0%	0.0%	0.0%	
FinTech	5.5	9.9	9.8	0.6%	11.2	20.385	20.3	0.3%
<i>YoY growth</i>	3.5%	79.1%	77.9%		34.5%	81.2%	80.7%	
Organic	-9.7%	12.1%	11.0%		-3.8%	-5.0%	3.3%	
<i>Scope</i>	13%	67%	67%		38%	86%	77%	
Revenue	15.9	22.2	21.6	2.8%	32.1	43.699	43.1	1.4%
<i>YoY growth</i>	4.9%	40.1%	36.3%		18.9%	36.1%	34.2%	
Organic	-34.6%	16.8%	13.0%		-6.8%	5.9%	7.1%	
<i>Scope</i>	39.5%	23.3%	23.3%		25.7%	30.2%	27.1%	
EBITDA	2Q20A	2Q21A	2Q21E	A/E %	1H20A	1H21A	1H21E	A/E %
Aerospace & Aviation	1.3	1.8	1.7	3.2%	2.9	3.2	3.1	1.8%
<i>YoY growth</i>	6.8%	34.9%	30.8%		12.7%	11.9%	10.0%	
<i>EBITDA margin %</i>	12.9%	14.6%	14.8%		13.7%	13.7%	13.8%	
FinTech	0.7	1.2	1.1	6.0%	1.2	2.5	2.4	2.8%
<i>YoY growth</i>	202.3%	57.0%	48.1%		365.5%	107.9%	102.4%	
<i>EBITDA margin %</i>	13.5%	11.8%	11.2%		10.6%	12.1%	11.8%	
EBITDA	2.1	3.0	2.8	4.1%	4.0	5.7	5.5	2.2%
<i>YoY growth</i>	38.8%	42.5%	37.0%		44.9%	40.1%	37.1%	
<i>EBITDA margin %</i>	13.1%	13.3%	13.2%		12.6%	13.0%	12.9%	

Source: Company data & Intermonte SIM Estimates

M&A Activities and Change in Estimates

Enhancement of IoT offering via acquisition of TeraTron at ~5.0x 2021 EBITDA. On 29th July TXT signed a contract for the acquisition of 100% of the capital of German company TeraTron and started to consolidate its results as of 1st August 2021. TeraTron, which has been on the market for over 20 years, is a leader in innovative IoT solutions for digitalisation, automation and security, mainly in the Automotive, Industrial (Industry 4.0), and Healthcare markets, and also boasts a growing presence in other sectors with strong innovative and technological content. The client portfolio is international and includes multi-year relationships with international clients of high standing. In 2019 and 2020, TeraTron reported revenues of Eu9.2mn and Eu7.6mn respectively. For 2021, revenues of Eu9mn are expected, with profitability of c.Eu2mn. The outlay for the acquisition of TeraTron has been mutually agreed at Eu10.1mn in cash at closing.

TeraTron – Key financial data

(Eu mn)	2019A	2020A	2021E
Revenues	9.2	7.6	9.0
EBITDA	1.8	1.4	2.0
% margin	20%	18%	22%
EV/EBITDA	5.6.x	7.2.x	5.1.x

Source: Company data & Intermonte SIM Estimates

Change in estimates, including TeraTron acquisition. We are updating our 2021 estimates to include the contribution of the recently-announced acquisition, while confirming our estimates on the previous footprint (2021 sales +24.9% YoY or +5.6% organic), supported by the 1H data announced. We now assume 32.5% YoY top line growth, while adding Eu1.2mn and Eu2.0mn to our EBITDA forecasts for 2021 and 2022 respectively, translating into upward revisions to net income of 0.9% and 14.8%. Net cash for 2021 is foreseen at Eu5.2mn, down Eu12.1mn from our previous estimates after including the outlay for the recent M&A.

TXT e-solutions - Change to estimates

	New			Old			Change %			Change abs.		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue	91.1	101.7	109.2	85.8	92.3	99.2	6.1%	10.2%	10.1%	5.3	9.4	10.0
YoY growth	32.5%	11.6%	7.5%	24.9%	7.5%	7.5%						
Organic	5.6%	7.5%	7.5%	5.6%	7.5%	7.5%						
Scope	26.9%	4.1%	0.0%	19.2%	0.0%	0.0%						
EBITDA	12.0	14.1	15.2	10.7	12.1	13.2	11.5%	16.6%	15.1%	1.2	2.0	2.0
YoY growth	39.7%	17.8%	8.2%	25.4%	12.7%	9.5%						
EBITDA margin %	13.1%	13.9%	14.0%	12.5%	13.1%	13.3%						
EBIT	7.3	9.4	10.4	6.5	7.7	8.7	11.6%	22.1%	19.4%	0.8	1.7	1.7
YoY growth	130.9%	28.8%	11.2%	106.8%	17.7%	13.7%						
EBIT margin %	8.0%	9.2%	9.6%	7.6%	8.3%	8.8%						
Pre-tax profit	7.5	9.7	10.8	6.7	8.0	9.1	11.3%	21.3%	18.6%	0.8	1.7	1.7
- Income tax	(2.4)	(2.8)	(3.0)	(1.7)	(2.0)	(2.3)						
Tax rate %	32.0%	29.0%	28.0%	25.0%	25.0%	25.0%						
Net income from cont. op.	5.1	6.9	7.8	5.0	6.0	6.9	0.9%	14.8%	13.8%	0.0	0.9	0.9
YoY growth	8.0%	35.1%	13.4%	7.1%	18.7%	14.4%						
Net profit margin %	5.6%	6.8%	7.1%	5.9%	6.5%	6.9%						
EPS adj.	0.42	0.57	0.65	0.41	0.49	0.57	0.9%	15.4%	14.2%	0.0	0.1	0.1
YoY growth	8.7%	36.5%	13.8%	7.6%	19.5%	14.9%						
Net cash/(debt)	5.2	10.9	17.9	17.3	23.5	29.8	-70.1%	-53.8%	-40.0%	(12.1)	(12.6)	(11.9)
FCF (ex. acq)	9.2	6.5	8.1	10.8	6.9	7.2	-14.8%	-7.0%	11.7%	(1.6)	(0.5)	0.8

Source: Company data & Intermonte SIM Estimates

Peer comparison

TXT e-solution – Peer group performance

Company	Mkt Cap (Eu mn)	% Change YTD	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change 1 Year
TXT e-solutions S.p.A.	106	3.6%	3.6%	8.1%	10.4%	0.4%
American Software, Inc. Class A	593	29.1%	0.0%	13.4%	9.0%	29.1%
ATOSS Software AG	1,417	12.8%	-4.8%	1.3%	-6.2%	67.3%
Cappgemini SE	32,111	50.0%	13.9%	23.0%	42.8%	72.1%
Computacenter Plc	3,752	13.9%	5.7%	6.5%	20.6%	38.4%
Descartes Systems Group Inc.	5,209	22.4%	2.8%	25.1%	12.4%	20.7%
Devoteam SA	1,058	36.4%	13.4%	22.1%	29.2%	29.5%
Manhattan Associates, Inc.	8,636	52.1%	8.3%	24.4%	12.4%	73.9%
Oracle Corporation	213,718	39.0%	2.4%	12.2%	42.1%	63.6%
Reply S.p.A.	5,683	59.4%	6.1%	33.2%	39.6%	76.2%
SAP SE	153,170	16.3%	0.0%	7.9%	16.2%	-7.6%
Sopra Steria Group SA	3,485	28.4%	0.8%	10.6%	20.7%	28.6%

Source: FactSet

TXT e-solution – Peer group multiples

Company name	Price	Mkt cap (Eu mn)	Country	EV/SALES		EV/EBITDA		EV/EBIT		PE		Dividend Yield (%)	
				2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E
TXT e-solutions S.p.A.	8.2	106	IT	1.0 x	0.8 x	7.6 x	6.0 x	11.9 x	8.4 x	19.6 x	14.3 x	0.8%	1.1%
American Software, Inc. Class A	18.9	593	US	5.3 x	4.8 x	46.3 x	34.7 x	57.5 x	39.5 x	88.6 x	60.7 x		
ATOSS Software AG	178.2	1,417	DE	14.4 x	12.6 x	47.1 x	42.4 x	53.6 x	47.8 x	80.9 x	73.1 x	0.9%	1.0%
Cappgemini SE	190.3	32,111	FR	2.1 x	1.9 x	12.9 x	11.9 x	16.8 x	14.9 x	23.8 x	20.8 x	1.1%	1.3%
Computacenter Plc	32.9	3,752	GB	0.5 x	0.4 x	9.7 x	9.2 x	12.2 x	11.4 x	20.2 x	19.8 x	2.0%	2.0%
Descartes Systems Group Inc.	61.8	5,209	CA	14.9 x	13.2 x	36.0 x	31.5 x			81.7 x	75.4 x		
Devoteam SA	127.0	1,058	FR										
Manhattan Associates, Inc.	136.3	8,636	US	15.2 x	13.8 x	59.5 x	55.4 x	58.9 x	54.6 x	78.5 x	74.8 x		
Oracle Corporation	76.6	213,718	US	6.9 x	6.7 x	14.3 x	13.7 x	15.4 x	14.7 x	19.4 x	17.4 x	1.4%	1.5%
Reply S.p.A.	151.9	5,683	IT	3.8 x	3.3 x	22.5 x	19.6 x	28.0 x	24.2 x	41.1 x	36.2 x	0.4%	0.5%
SAP SE	124.7	153,170	DE	5.8 x	5.5 x	18.1 x	16.8 x	19.6 x	18.6 x	21.1 x	23.3 x	1.5%	1.5%
Sopra Steria Group SA	169.7	3,485	FR	0.8 x	0.8 x	7.6 x	6.5 x	10.6 x	8.8 x	16.4 x	13.8 x	1.6%	1.6%
Mean				6.4 x	5.8 x	25.6 x	22.5 x	28.5 x	24.3 x	44.7 x	39.0 x	1.2%	1.3%
Median				5.3 x	4.8 x	18.1 x	16.8 x	18.2 x	16.7 x	23.8 x	23.3 x	1.2%	1.4%

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

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	TXT E-SOLUTIONS		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	12.20	Previous Target (Eu):	11.30
Current Price (Eu):	8.16	Previous Price (Eu):	7.38
Date of report:	10/08/2021	Date of last report:	18/05/2021

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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)

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Frequency of research: quarterly.

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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;
- 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

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BUY:	16,94 %
OUTPERFORM:	52,42 %
NEUTRAL:	26,61 %
UNDERPERFORM	04,03 %
SELL:	00,00 %

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UNDERPERFORM	00,00 %
SELL:	00,00 %

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COGEME SET SPA	1,6	SHORT
IKF	0,57	SHORT
OLIDATA	0,74	SHORT

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