

TXT E-SOLUTIONS OUTPERFORM

Price (Eu): **7.00**

Target Price (Eu): **11.30**

SECTOR: Industrials

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Positive Results Highlight Attractive Valuation

- FY20 results: revenues and EBITDA better than expected.** FY revenues were Eu68.8mn, up 16.4% YoY and 1.1% above expectations, with organic growth of 3.7% YoY in addition to a +12.7% contribution from acquisitions. EBITDA beat our estimates, coming in at Eu8.6mn (vs. our Eu8.1mn estimate) and up +22.2% with a 12.5% margin (vs. 11.9% in 2019). Notably, the higher-than-expected value of D&A (Eu4.8mn vs. Eu2.7mn in 2019) includes a Eu1.2mn goodwill write-down, booked in 4Q20, related to TXT Risk Solution, that was offset by a similar write-down of the put option on the minorities, booked as a non-cash financial gain.
- Net cash of Eu22.1mn at YE20, dividend payment in 2021.** The NFP was positive at Eu22.1mn (vs. our Eu24.6mn forecast) and down Eu19.3mn on the figure as at YE19, mainly due to the cash payments for the recent acquisition of HSPI and MAC Solutions (Eu14.1mn), but also partly due to the increase in working capital related to temporary factors. The company proposed a resumption of dividends through a Eu0.04ps payment, (the total dividend payout will be c.Eu0.5mn).
- Business resilience and encouraging outlook for Fintech.** The growth posted in revenues and margins in 2020 confirms the resilience of the business in a particularly critical year. The outlook for 2021 remains positive in the Aerospace Defence segment thanks to multi-year contracts signed at the beginning of 2020 and to consolidated relationships with domestic and European players, while short-term visibility on Civil Aviation remains low, but we expect signs of recovery as the vaccine campaign proceeds. Notably, the outlook for the Fintech division is very encouraging thanks to: i) new NPL contracts with primary Italian banks already at an advanced stage; ii) new multi-year contracts for digital transformation projects recently signed between HSPI and public sector bodies.
- Updating our estimates.** On the back of 4Q20 results, we are raising 2021 revenues by 1.1%, assuming a 19.2% contribution from M&A, mainly coming from the FinTech division. In terms of profitability, we are lifting our 2021 EBITDA figures by 0.2% and still forecasting a double-digit EBITDA margin of 12.5%. At bottom line, we are marginally raising expected 2021 and 2022 net profit, while EPS is down 3.3%/3.8% for an adjustment in the number of shares. As for cash flow, we expect 2021 to benefit from a recovery in days sales outstanding from 188 at YE20 to 135 at YE21, still above 120 at YE19. At the same time, we are factoring in the Eu14.3mn spent for the financial investment in Igea Banca and the Eu0.8mn cash out related to completion of the Assiopay acquisition.
- OUTPERFORM confirmed; target Eu11.3 unchanged.** During 2020, not only did the group deliver a positive operating performance, especially in relation to the macro picture, it was also able to finalise important acquisitions, achieving record EBITDA. The stock is trading at attractive multiples: even without considering the financial investment in Banca Igea, it is trading at just 9.9x and 7.6x EV/EBIT on 2021 and 2022 respectively.

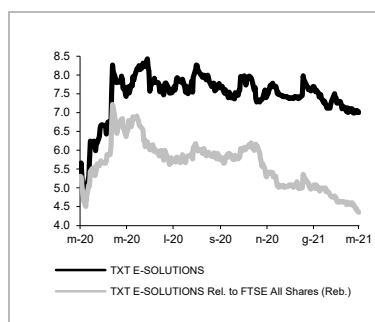
Key Figures	2019A	2020A	2021E	2022E	2023E
Sales (Eu mn)	59	69	86	92	99
Ebitda (Eu mn)	7	9	11	12	13
Net profit (Eu mn)	0	5	5	6	7
EPS - New Adj.(Eu)	0.039	0.384	0.413	0.494	0.568
EPS - Old Adj.(Eu)	0.038	0.296	0.427	0.514	
DPS (Eu)	0.000	0.040	0.065	0.077	0.088

Ratios & Multiples	2019A	2020A	2021E	2022E	2023E
P/E Adj.	nm	18.2	16.9	14.2	12.3
Div. Yield	0.0%	0.6%	0.9%	1.1%	1.3%
EV/Ebitda Adj.	7.1	8.1	6.9	5.6	4.6
ROCE	10.7%	6.0%	10.7%	13.4%	15.4%

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Next event: 1Q21 Results
Results out 12th May 2021

TXT E-SOLUTIONS - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): Unchanged

Ch. in Adj.EPS est: **2021E** **2022E**
-3.3% **-3.8%**

STOCK DATA

Reuters code: TXTS.MI
Bloomberg code: TXT IM

Performance	1m	3m	12m
Absolute	-3.4%	-5.0%	31.8%
Relative	-6.2%	-16.1%	-29.3%
12 months H/L:	8.43/4.63		

SHAREHOLDER DATA

No. of Ord. shares (mn):	13
Total No. of shares (mn):	12
Mkt Cap Ord (Eu mn):	91
Total Mkt Cap (Eu mn):	91
Mkt Float - ord (Eu mn):	42
Mkt Float (in %):	46.3%
Main shareholder:	
Enrico Magni (Laserline)	26.5%

BALANCE SHEET DATA

	2021
Book value (Eu mn):	90
BVPS (Eu):	7.68
P/BV:	0.9
Net Financial Position (Eu mn):	17
Enterprise value (Eu mn):	74

Please see important disclaimer
on the last page of this report

TXT E-SOLUTIONS - KEY FIGURES

		2019A	2020A	2021E	2022E	2023E
	Fiscal year end	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
PROFIT & LOSS (Eu mn)	Sales	59	69	86	92	99
	EBITDA	7	9	11	12	13
	EBIT	4	3	7	8	9
	Financial income (charges)	(1)	3	0	0	0
	Associates & Others	0	0	0	0	0
	Pre-tax profit (Loss)	2	6	7	8	9
	Taxes	(2)	(1)	(2)	(2)	(2)
	Tax rate (%)	80.6%	19.8%	25.0%	25.0%	25.0%
	Minorities & discontinue activities	(0)	(0)	(0)	(0)	(0)
	Net profit	0	5	5	6	7
	Total extraordinary items	0	0	0	0	0
	Ebitda excl. extraordinary items	7	9	11	12	13
Ebit excl. extraordinary items	4	4	7	8	9	
Net profit restated	0	4	5	6	7	
PER SHARE DATA (Eu)	Total shares out (mn) - average fd	12	12	12	12	12
	EPS stated fd	0.039	0.384	0.413	0.494	0.568
	EPS restated fd	0.039	0.384	0.413	0.494	0.568
	BVPS fd	7.028	7.337	7.679	8.126	8.634
	Dividend per share (ord)	0.000	0.040	0.065	0.077	0.088
	Dividend per share (sav)	0.000	0.000	0.000	0.000	0.000
Dividend pay out ratio (%)	0.0%	9.9%	15.0%	15.0%	15.0%	
CASH FLOW (Eu mn)	Gross cash flow	4	10	9	10	11
	Change in NWC	(7)	(16)	3	(2)	(3)
	Capital expenditure	(1)	(1)	(1)	(1)	(2)
	Other cash items	(1)	0	0	0	0
	Free cash flow (FCF)	(5)	(7)	11	7	7
	Acquisitions, divestments & others	(2)	(17)	(15)	0	0
	Dividend	(6)	0	(0)	(1)	(1)
	Equity financing/Buy-back	0	0	0	0	0
Change in Net Financial Position	(19)	(19)	(5)	6	6	
BALANCE SHEET (Eu mn)	Total fixed assets	35	47	45	42	39
	Net working capital	10	21	18	20	23
	Long term liabilities	(5)	(5)	(5)	(5)	(5)
	Net capital employed	41	64	58	57	57
	Net financial position	41	22	17	23	30
	Group equity	82	85	90	95	101
	Minorities	0	0	0	0	0
Net equity	82	85	90	95	101	
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	91	91	91	91	91
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	41	22	17	23	30
	Enterprise value	50	69	74	68	61
RATIOS(%)	EBITDA margin*	11.9%	12.5%	12.5%	13.1%	13.3%
	EBIT margin*	7.2%	5.5%	8.4%	9.1%	9.5%
	Gearing - Debt/equity	-50.6%	-25.8%	-19.2%	-24.6%	-29.5%
	Interest cover on EBIT	2.9	nm	nm	nm	nm
	Debt/Ebitda	nm	nm	nm	nm	nm
	ROCE*	10.7%	6.0%	10.7%	13.4%	15.4%
	ROE*	0.5%	5.7%	5.8%	6.5%	7.0%
	EV/CE	1.5	1.3	1.2	1.2	1.1
	EV/Sales	0.8	1.0	0.9	0.7	0.6
	EV/Ebit	11.6	18.4	10.2	8.1	6.5
Free Cash Flow Yield	-4.9%	-7.3%	11.9%	7.6%	8.0%	
GROWTH RATES (%)	Sales	47.8%	16.4%	24.9%	7.5%	7.5%
	EBITDA*	84.4%	22.2%	25.4%	12.7%	9.5%
	EBIT*	131.4%	-12.2%	92.8%	16.0%	12.6%
	Net profit	-20.5%	950.1%	7.1%	18.7%	14.4%
	EPS restated	-20.5%	896.4%	7.6%	19.5%	14.9%

* Excluding extraordinary items

Source: Intermonte SIM estimates

4Q20/FY20 Results

FY20 results: revenues and EBITDA better than expected. FY revenues were Eu68.8mn, up 16.4% YoY and 1.1% above expectations, with organic growth of 3.7% YoY in addition to a +12.7% contribution from acquisitions. Aerospace & Aviation revenues came to Eu40.8mn (vs. our Eu41.2mn estimate) up 5.3% YoY (entirely organic). The FinTech division was very strong and its revenues closed at Eu28mn, up +37.6% YoY, with a +37% contribution from the two recently acquired companies (Mac Solutions and HSPI). EBITDA beat our estimates, coming in at Eu8.6mn (vs. our Eu8.1mn estimate) and up +22.2% with a 12.5% margin (vs. 11.9% in 2019). Notably, the higher-than-expected value of D&A (Eu4.8mn vs. Eu2.7mn in 2019) includes a Eu1.2mn goodwill write-down, booked in 4Q20, related to TXT Risk Solution, that was offset by a similar write-down of the put option on the minorities, booked as a non-cash financial gain.

Net cash of Eu22.1mn at YE20, dividend payment in 2021. The NFP was positive at Eu22.1mn (vs. our Eu24.6mn forecast) and down Eu19.3mn on the figure as at YE19, mainly due to the cash payments for the recent acquisition of HSPI and MAC Solutions net of the acquired NFP (Eu14.1mn), but also partly due to the increase in working capital related to temporary factors. The company proposed a resumption of dividends through a Eu0.04ps payment, (the total dividend payout will be c.Eu0.5mn).

Quarterly results

	4Q19A	4Q20A	4Q20E	A/E %	2019A	2020A	2020E	A/E %
Revenue	16.5	20.9	20.2	3.7%	59.1	68.8	68.0	1.1%
YoY growth	45.8%	26.7%	21.9%		47.8%	16.4%	15.1%	
Organic	37.3%	3.6%	-1.2%		23.6%	3.7%	2.4%	
Scope	8.5%	23.1%	23.0%		24.2%	12.7%	12.7%	
EBITDA IFRS	2.21	2.4	2.0	21.7%	7.0	8.6	8.1	6.1%
YoY growth	127.6%	10.7%	-9.1%		84.4%	22.2%	15.2%	
EBITDA IFRS margin %	13.3%	11.7%	9.9%		11.9%	12.5%	11.9%	
- D&A	(1.6)	(3.34)	(0.9)		(2.7)	(4.8)	(2.4)	
EBITA	0.62	(0.9)	1.1	-183.7%	4.3	3.8	5.7	-33.8%
YoY growth	61.7%	-246.1%	-19.3%		131.4%	-12.2%	13.6%	
- Financial income/(charges)	(3.4)	1.6	(1.1)		(1.2)	2.7	0.1	
Pre-tax profit	(2.1)	1.3	(0.2)	-693.7%	2.3	5.9	4.3	37.7%
- Income tax	(0.6)	(0.2)	(0.1)		(1.9)	(1.2)	(1.1)	
Tax rate %	-31.5%	16.8%	-63.5%		80.6%	19.8%	25.0%	
Net income from cont. op.	(2.7)	1.1	(0.4)	-402.3%	0.4	4.7	3.2	47.3%
YoY growth	521.7%	-141.0%	-86.4%		-20.5%	950.1%	614.3%	
Net profit margin %	-16.3%	5.3%	-1.8%		0.8%	6.9%	4.7%	
Net debt/(cash)	(41.4)	(22.1)	(24.6)		(41.4)	(22.1)	(24.6)	
								-19.35
Revenue	4Q19A	4Q20A	4Q20E	A/E %	2019A	2020A	2020E	A/E %
Aerospace & Aviation	10.4	10.0	10.5	-4.4%	38.7	40.8	41.2	-1.1%
YoY growth	23.4%	-3.1%	1.4%		24.4%	5.3%	6.5%	
Organic	23.4%	-3.1%	1.4%		24.4%	5.3%	6.5%	
Scope	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	
FinTech	6.2	10.9	9.7	12.5%	20.4	28.0	26.8	4.5%
YoY growth	109.9%	76.9%	56.1%		129.8%	37.6%	31.4%	
Organic	77.0%	14.9%	-5.4%		20.7%	0.6%	-5.5%	
Scope	33%	62%	62%		109%	37%	37%	
Revenue	16.5	20.9	20.2	3.7%	59.1	68.8	68.0	1.1%
YoY growth	45.8%	26.7%	21.9%		47.8%	16.4%	15.1%	
Organic	37.2%	3.6%	-1.2%		23.6%	3.7%	2.4%	
Scope	8.5%	23.1%	23.0%		24.2%	12.7%	12.7%	
EBITDA	4Q19A	4Q20A	4Q20E	A/E %	2019A	2020A	2020E	A/E %
Aerospace & Aviation	2.2	0.8	1.4	-46.6%	5.7	5.1	5.8	-11.7%
YoY growth	135.0%	-64.2%	-33.0%		56.4%	-10.5%	1.3%	
EBITDA margin %	20.7%	7.7%	13.7%		14.7%	12.5%	14.0%	
FinTech	0.1	1.7	0.6	196.8%	1.3	3.5	2.4	47.0%
YoY growth	-52.6%	2994.9%	942.8%		179.5%	164.2%	79.7%	
EBITDA margin %	0.9%	15.4%	5.8%		6.4%	12.4%	8.8%	
EBITDA	2.2	2.4	2.0	21.7%	7.0	8.6	8.1	5.4%
YoY growth	127.6%	10.7%	-9.1%		84.4%	22.2%	16.0%	
EBITDA margin %	13.3%	11.7%	9.9%		11.9%	12.5%	11.9%	

Source: Intermonte SIM (E)

Outlook and change to estimates

Business resilience and encouraging outlook for Fintech. The growth posted in revenues and margins in 2020 demonstrates the resilience of the business in a particularly critical year. The outlook for 2021 remains positive in the Aerospace Defence segment thanks to multi-year contracts signed at the beginning of 2020 and to consolidated relationships with domestic and European players, while short-term visibility on Civil Aviation remains low, but we expect signs of recovery as the vaccine campaign proceeds. Notably, the outlook for the Fintech division is very encouraging thanks to: i) new NPL contracts with primary Italian banks already at an advanced stage; ii) new multi-year contracts for digital transformation projects recently signed between HSPi and public sector bodies.

Updating our estimates. On the back of 4Q20 results, we are raising 2021 revenues by 1.1%, assuming a 19.2% contribution from M&A, mainly coming from the FinTech division. In terms of profitability, we are lifting our 2021 EBITDA figures by 0.2% and still forecasting a double-digit EBITDA margin of 12.5%. At bottom line, we are marginally raising expected 2021 and 2022 net profit, while EPS is down 3.3%/3.8% for an adjustment in the number of shares. As for cash flow, we expect 2021 to benefit from a recovery in days sales outstanding from 188 at YE20 to 135 at YE21, still above 120 at YE19. At the same time, we are factoring in the Eu14.3mn spent for the financial investment in Igea Banca and the Eu0.8mn cash out related to completion of the Assiopy acquisition.

Change in estimates

	New			Old			Change %		
	2020A	2021E	2022E	2020E	2021E	2022E	2020A	2021E	2022E
Revenue	68.8	85.8	92.3	68.0	85.0	91.3	1.1%	1.1%	1.1%
YoY growth	16.4%	24.9%	7.5%	15.1%	24.9%	7.5%			
Organic	3.7%	5.6%	7.5%	2.4%	6.2%	7.5%			
Scope	12.7%	19.2%	0.0%	12.7%	18.7%	0.0%			
EBITDA	8.6	10.7	12.1	8.1	10.7	12.1	5.4%	0.2%	-0.2%
YoY growth	22.2%	25.4%	12.7%	16.0%	31.9%	13.0%			
EBITDA margin %	12.5%	12.5%	13.1%	11.9%	12.6%	13.3%			
EBIT	3.2	6.5	7.7	4.2	6.9	8.3	-25.2%	-5.5%	-7.5%
YoY growth	-11.1%	106.8%	17.7%	18.9%	63.7%	20.2%			
EBIT margin %	4.6%	7.6%	8.3%	6.2%	8.1%	9.1%			
Pre-tax profit	5.9	6.7	8.0	4.3	6.9	8.3	35.9%	-2.6%	-3.9%
- Income tax	(1.2)	(1.7)	(2.0)	(1.1)	(1.9)	(2.3)			
Tax rate %	19.8%	25.0%	25.0%	25.0%	28.0%	28.0%			
Net income from cont. op.	4.7	5.0	6.0	3.2	5.0	6.0	45.4%	1.4%	0.2%
YoY growth	950.1%	7.1%	18.7%	623.9%	53.5%	20.2%			
Net profit margin %	6.9%	5.9%	6.5%	4.8%	5.9%	6.6%			
EPS adj.	0.38	0.41	0.49	0.30	0.43	0.51	28.0%	-3.3%	-3.8%
YoY growth	896.4%	7.6%	19.5%	680.2%	42.4%	20.2%			
Net cash/(debt)	22.1	17.3	23.5	24.6	28.0	32.4	-10.4%	-38.3%	-27.5%

Intermonte SIM estimates

TXT – Revenue breakdown

	2020A	2021E	2022E
Aerospace & Aviation	40.8	42.4	45.3
YoY growth	5.3%	4.0%	7.0%
Organic	5.3%	4.0%	7.0%
Scope	0.0%	0.0%	0.0%
FinTech	28.0	43.5	46.9
YoY growth	37.6%	55.2%	8.0%
Organic	0.6%	8.0%	8.0%
Scope	36.9%	47.2%	0.0%
Revenue	68.8	85.8	92.3
YoY growth	16.4%	24.9%	7.5%
Organic	3.7%	5.6%	7.5%
Scope	12.7%	19.2%	0.0%

Source: Intermonte SIM estimates

Appendix I – Main events in Q1 2021

Acquisition of the remaining 49% of Assiopay.

On 11th January 2021 TXT acquired the remaining 49% of Assiopay, a company specializing in the digital payments field with proprietary solutions. The total amount paid was Eu1.6mn.

Assiopay is a strategic company that will allow TXT to broaden the horizons of the FinTech division and of its product offer through the supply of proprietary solutions and the development of new digital solutions for a large and diversified ecosystem.

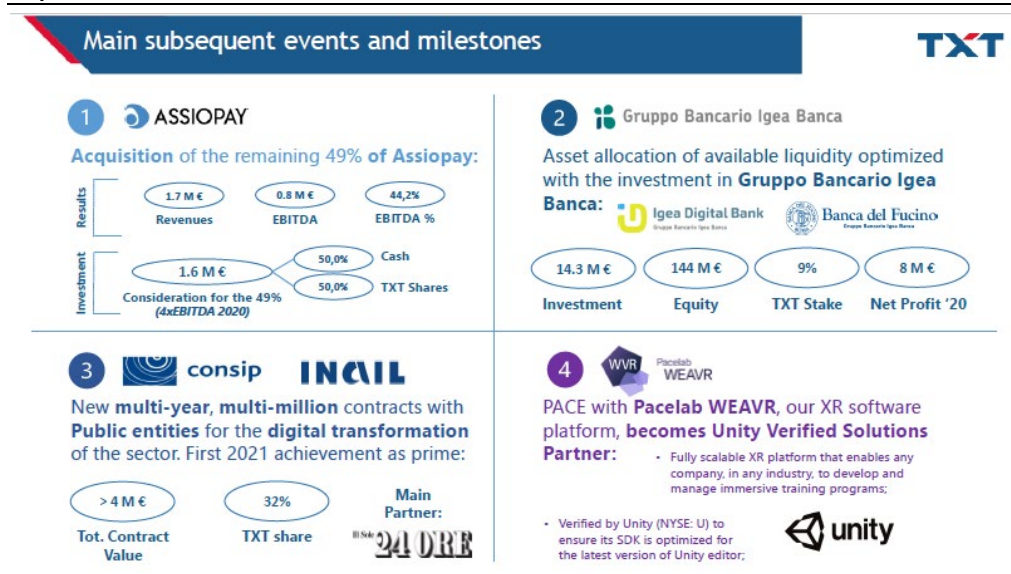
Investment in Gruppo Bancario Igea Banca

On 28th January 2021 TXT invested Eu14.3mn in the share capital of Banca del Fucino, which is the parent company of the Banking group Gruppo Bancario Igea Banca and wholly controls IGEA Digital Bank, which offers excellent development prospects in the current market context.

The acquisition was made through the underwriting of a reserved capital increase amounting to approximately 9% of the share capital (post-money). The capital increase reserved for TXT took place on the basis of a statutory mandate given to the Bank's Board of Directors, who on 28th January accepted TXT's investment proposal. TXT's Board, supported by documentation prepared by leading consulting firms, assessed that the financial investment presents an attractive risk-return profile.

Additionally, consistent with the business plan of the acquired bank, management's objective is to promote its listing on the stock exchange within three years.

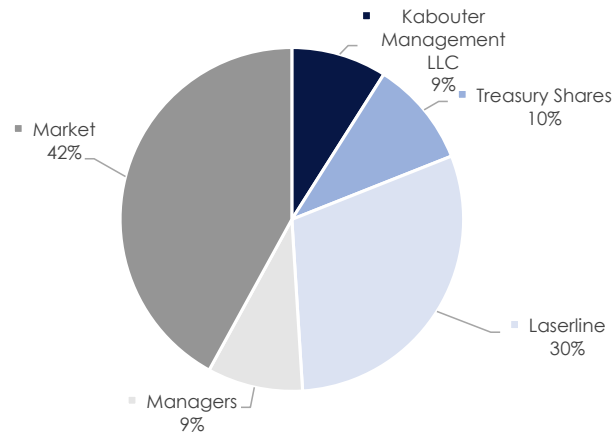
Key events in 1Q21



Source: Company presentation

Appendix II – Shareholding Structure

Shareholding Structure at 31 December 2020



Source: Company presentation

Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
TXT E-SOLUTIONS	7.00	EUR	91	-3.4%	-5.0%	-8.6%	-11.2%	31.8%	-25.3%
AMERICAN SOFTWARE	21.38	USD	699	3.6%	30.3%	52.8%	24.5%	70.2%	84.3%
ATOSS SOFTWARE	160.00	EUR	2,545	-15.8%	18.5%	23.6%	1.3%	147.1%	221.3%
CAPGEMINI	144.75	EUR	24,374	7.0%	26.9%	24.1%	14.2%	100.4%	37.1%
COMPUTACENTER	22.12	GBP	2,485	-2.0%	-0.8%	-4.2%	-9.6%	59.4%	89.4%
DESCARTES SYSTEMS	77.25	CAD	6,527	-5.2%	7.6%	8.8%	3.8%	64.5%	62.6%
DEVOTEAM	102.00	EUR	836	2.9%	4.0%	4.5%	9.6%	64.8%	-1.7%
MANHATTAN ASSOCIATE	122.67	USD	7,827	-12.1%	22.8%	31.5%	16.6%	121.9%	127.3%
ORACLE	67.16	USD	193,658	6.5%	10.8%	17.8%	3.8%	68.7%	27.2%
REPLY	94.50	EUR	3,535	-12.0%	1.9%	-2.0%	-0.8%	94.9%	65.8%
SAP	103.04	EUR	121,543	-5.1%	3.3%	-24.0%	-3.9%	13.4%	7.8%
SOPRA STERIA GROUP	136.00	EUR	2,755	-4.5%	9.0%	-1.9%	2.9%	26.7%	30.8%
SQS SOFTWARE	---	EUR	---	---	---	---	---	---	---
Mean performance				-3.3%	10.8%	10.2%	4.3%	72.0%	60.5%
Italy FTSE Mib	24,113.2	EUR		3.0%	11.1%	21.7%	8.5%	61.9%	16.9%

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
				2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
TXT E-SOLUTIONS	7.00	EUR	91	0.9	0.7	6.9	5.6	10.2	8.1	16.9	14.2	0.9%	1.1%
AMERICAN SOFTWARE	21.38	USD	699	5.1	4.8	42.6	33.0	80.6	47.6	75.5	53.4		
ATOSS SOFTWARE	160.00	EUR	2,545	12.6	10.9	39.5	35.0	45.6	40.3	68.1	60.5	1.1%	1.2%
CAPGEMINI	144.75	EUR	24,374	1.7	1.6	10.8	10.0	14.5	12.8	19.2	17.0	1.4%	1.5%
COMPUTACENTER	22.12	GBP	2,485	0.4	0.3	8.7	8.0	11.4	10.7	18.0	17.5	2.0%	2.1%
DESCARTES SYSTEMS	77.25	CAD	6,527	12.7	11.3	30.9	26.9	53.9	44.1	81.7	66.7		
DEVOTEAM	102.00	EUR	836	0.9	0.8	7.5	6.4	8.7	7.3	18.3	16.5	0.4%	0.4%
MANHATTAN ASSOCIATE	122.67	USD	7,827	12.8	11.7	61.1	53.2	60.7	52.8	80.5	70.7		
ORACLE	67.16	USD	193,658	5.5	5.2	10.8	10.4	11.8	11.3	14.0	12.9	1.8%	1.8%
REPLY	94.50	EUR	3,535	2.3	2.1	14.4	12.7	17.9	15.6	27.7	24.8	0.6%	0.7%
SAP	103.04	EUR	121,543	4.9	4.7	15.1	14.2	16.8	15.8	21.2	20.3	1.7%	1.7%
SOPRA STERIA GROUP	136.00	EUR	2,755	0.7	0.6	6.5	5.5	9.9	8.1	13.2	11.4	1.7%	2.0%
SQS SOFTWARE		EUR											
Median				4.9	4.7	14.4	12.7	16.8	15.6	21.2	20.3	1.5%	1.6%

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):	11.30	Previous Target (Eu):	11.30
Current Price (Eu):	7.00	Previous Price (Eu):	7.60
Date of report:	15/03/2021	Date of last report:	10/11/2020

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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)

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&P500 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.

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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

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As at 31 December 2020 IntermonTE's Research Department covered 124 companies. IntermonTE's distribution of stock ratings is as follows:

BUY:	10,57 %
OUTPERFORM:	50,41 %
NEUTRAL:	34,95 %
UNDERPERFORM	04,07 %
SELL:	00,00 %

The distribution of stock ratings for companies which have received corporate finance services from IntermonTE in the last 12 months (49 in total) is as follows:

BUY:	18,37 %
OUTPERFORM:	55,10 %
NEUTRAL:	26,53 %
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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