Milan, 19 May 2025

Italian Equity Research – 1Q25 Results

TINEXTA

BUY

Sector: Industrials

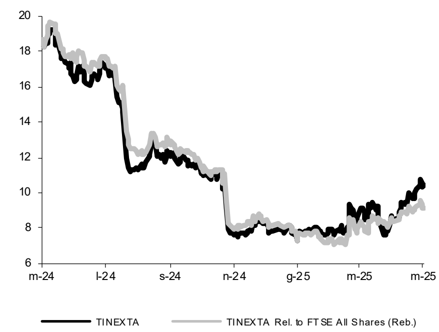
Price: Eu10.47 - **Target: Eu16.40**

Encouraging start to the year. On Track to Meet Guidance

Carlo Maritano +39-02-77115.358
carlo.maritano@intermonte.it

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-5.2%	-4.5%	-4.0%

TINEXTA - 12M Performance



Stock Data			
Reuters code:			TNXT.MI
Bloomberg code:			TNXT IM
Performance	**1M**	**3M**	**12M**
Absolute	23.7%	31.9%	-43.8%
Relative	11.0%	24.9%	-58.3%
12M (H/L)			19.22/7.33
3M Average Volume (th):			271.38

Shareholder Data	
No. of Ord shares (mn):	47
Total no. of shares (mn):	47
Mkt Cap Ord (Eu mn):	494
Total Mkt Cap (Eu mn):	494
Mkt Float - Ord (Eu mn):	219
Mkt Float (in %):	44.3%
Main Shareholder:	
Tecno Holding S.p.A.	55.8%

Balance Sheet Data	
Book Value (Eu mn):	422
BVPS (Eu):	10.21
P/BV:	1.0
Net Financial Position (Eu mn):	-291
Enterprise Value (Eu mn):	977

- **An encouraging quarter.** In a seasonally less significant quarter (typically accounting for around 14% of annual EBITDA) the company delivered results ahead of expectations, particularly on margins and cash generation. Revenue reached €115.5 million, up 17.4% YoY (6.4% organic) and 2.3% above estimates. The divisional mix differed from forecasts: Digital Trust was weaker due to delayed contracts at Ascertia, and Cybersecurity had a soft start in its legacy business. However, Business Innovation outperformed (18% org. growth), driven by strong growth in subsidized finance, which benefitted from the comparison base with a very weak 1Q24 and the spillover of some contracts for ABF (still underperforming) from 4Q24. Adjusted EBITDA came in at €18.7 million, 3% above expectations, with a 0.7pp margin improvement, largely due to gains in Business Innovation and Cybersecurity (driven not only by Defence Tech consolidation, but also thanks to increased profitability in legacy business due to optimization efforts and a more favourable business mix). The bottom line, however, was broadly in line, affected mainly by non-cash items such as purchase price allocation (PPA) of recent acquisitions. Net debt stood at €291 million, better than the estimated €300 million. This improvement was supported by a significant year-on-year increase in free cash flow, rising to €34 million from €27 million, and a lower valuation of the Ascertia-related put option.
- **Guidance confirmed, estimates merely fine-tuned.** Based on 1Q results, the company has confirmed its guidance, which is for revenue growth between 11% and 13% (7%-9% organic), and adjusted EBITDA growth between 15% and 17% (10%-12% organic), with net debt/EBITDA between 2.2x and 2.4x. Our estimates were c.2% below the mid-point of the guidance for adjusted EBITDA and at the higher end of the leverage target. Following this release, we substantially confirm our adj. EBITDA estimate (though slightly modifying the contribution by division), while we are slightly improving our leverage estimate to account for the Eu6mn benefit from the valuation of the put option on Ascertia's minorities. Our leverage ratio therefore goes down to 2.3x, at the mid-point of guidance. As for the cut to the bottom line, we highlight that it is purely related to non-cash items (D&A+PPA) and therefore of little significance.
- **BUY confirmed. TP kept at 16.40.** While 1Q is of limited importance to the full-year picture, we believe the quarterly results are quite encouraging, particularly with regard to the recovery by Business Innovation after a challenging 2024. We believe delivery on targets, which as usual will be skewed towards the second part of the year (2H accounting for between 60% and 70% of yearly EBITDA), will be key to driving a re-rating of multiples; the stock is currently trading at attractive levels of 7.8x EV/EBITDA and 10.4x P/E on 2025 numbers, despite the recent good performance. Our target price, the average of DCF and Sum of the Parts models, is confirmed at Eu16.4, offering quite sizeable upside to the current price. BUY confirmed.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	396	455	507	538	572
EBITDA Adj (Eu mn)	103	111	126	138	150
Net Profit Adj (Eu mn)	54	44	47	56	64
EPS New Adj (Eu)	1.154	0.924	1.006	1.186	1.364
EPS Old Adj (Eu)	1.154	0.924	1.062	1.242	1.421
DPS (Eu)	0.460	0.300	0.198	0.264	0.335
EV/EBITDA Adj	11.6	11.0	7.8	6.9	6.1
EV/EBIT Adj	15.0	17.5	11.1	9.6	8.2
P/E Adj	9.1	11.3	10.4	8.8	7.7
Div. Yield	4.4%	2.9%	1.9%	2.5%	3.2%
Net Debt/EBITDA Adj	1.0	2.9	2.3	1.9	1.5

Intermonte

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 NOTICES. 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 web page CUSTOMER AREA.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

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.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 1702, NY 10022, USA.

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 4.0% and a risk premium between 5.5%-6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX 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 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

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

Intermonte SIM S.p.A. operates or has operated in the last 12 months as the person in charge of carrying out the share buyback plan approved by the shareholders' meeting of ABITARE IN, ANIMA HOLDING, AZIMUT, CIVITANAVI SYSTEMS, EL.EN., ELICA, INTRED, PHARMANUTRA, SERVIZI ITALIA, SESA, TMP GROUP, UNIDATA, WEBUILD

Intermonte SIM S.p.A. provides or has provided corporate brokerage services to ALLCORE, ALMAWAVE, ANTARES VISION, AQUAFIL, AVIO, CASTA DIVA GROUP, CUBE LABS, CY4GATE, CYBEROO, DIGITOUCH, DOMINION HOSTING HOLDING, ELICA, ENERGY, ESPRINET, EVISO, FINE FOODS & PHARMACEUTICALS NTM, FNM, FRANCHI UMBERTO MARMI, G.M. LEATHER, GPI, GREEN OLEO, GREENTHESIS, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTRED, ISCC FINTECH, ITALIAN EXHIBITION GROUP, LEMON SISTEMI, LUVE, MAPS, MARE ENGINEERING GROUP, NEODECORTECH, NOTORIOUS PICTURES, REDFISH LONGTERM CAPITAL, REVO INSURANCE, REWAY GROUP, SERI INDUSTRIAL, SG COMPANY, SPINDOX, STAR7, TALEA GROUP, ULISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA **in the last 12 months**

Intermonte SIM S.p.A. operates or has operated in the last 12 months as Financial Content Provider on the company ALLCORE, ALMAWAVE, B&C SPEAKERS, BANCA SISTEMA, BIFIRE, CASTA DIVA GROUP, CLEANBNB, COFLE, CROWDFUNDME, CUBE LABS, DIGITOUCH, DOMINION HOSTING HOLDING, ECOSUNTEK, EDILIZIACROBATICA, ELES, ENERGY, EVISO, FAE TECHNOLOGY, FIERA MILANO, FILA, FOPE, G.M. LEATHER, GREEN OLEO, HIGH QUALITY FOOD, IGD, IKONISYS SA, INTERCOS, INTRED, ISCC FINTECH, LEMON SISTEMI, MAPS, MARE ENGINEERING GROUP, MASI AGRICOLA, MISITANO & STRACUZZI SPA, NEODECORTECH, NOTORIOUS PICTURES, OLIDATA, OSAI AUTOMATION SYSTEM, RACING FORCE, REDFISH LONGTERM CAPITAL, RETI, SCIUKER FRAMES, SG COMPANY, SIMONE, SOLID WORLD GROUP, SPINDOX, TALEA GROUP, TAMBURI, TINEXTA, TMP GROUP, ULISSE BIOMED, XENIA HOTELLERIE SOLUTION, Zest Group SpA

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of intermediary appointed in the public purchase and/or exchange offer transaction of SAES GETTERS, TINEXTA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as liquidity provider of BANCA SISTEMA, Zest Group SpA

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM acts as financial advisor to Banco BPM in the context of the offer promoted by Unicredit.

Intermonte SIM acts as ECM advisor to Banca IFIS in the offer promoted on Illimity Bank.

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of financial advisor for AQUAFIL, BANCA IFIS, BANCO BPM, MAIRE, RETEX SPA, TINEXTA

Intermonte SIM S.p.A. operates or has operated in the last 12 months as market maker on financial instruments with underlying shares issued by A2A, AMPLIFON, AZIMUT, BANCA IFIS, BANCA MEDIOLANUM, BANCO BPM, BCA MPS, BCA POP SONDRIO, BFF BANK, Bper Banca, BREMBO, BUZZI, CAMPARI, DANIELI & C, DIASORIN, ENEL, ENI, ERG, FERRARI, FINECOBANK, INDUSTRIE DE NORA, INTERPUMP GROUP, INTESA SANPAOLO, INWIT, IREN, ITALGAS, IVECO GROUP, LEONARDO, LOTTOMATICA GROUP, MEDIOBANCA, MFE B, MONCLER, MONDADORI EDIT., NEXI, OVS, PIRELLI & C, POSTE ITALIANE, PRYSMIAN, SAIPEM, SESA, SNAM S.p.A., STELLANTIS, STMICROELECTRONICS, TECHNOGYM, TECHNOPROBE, TELECOM ITALIA, TELECOM ITALIA R, TENARIS, TERNA, UNICREDIT, UNIPOL, WEBUILD

Intermonte Sim S.p.A. has or had in the last 12 months a marketing contract on instruments issued by BARCLAYS, BNP PARIBAS, GOLDMAN SACHS GROUP INC, LEONTEQ, MAREX FINANCIAL, MEDIOBANCA, MORGAN STANLEY, NATIXIS, SOCIETE GENERALE, UNICREDIT, VONTOBEL N, WISDOMTREE IRELAND LIMITED

Intermonte SIM S.p.A. performs or has performed in the last 12 months the role of specialist on financial instruments issued by ABITARE IN, ALKEMY, BANCA IFIS, BANCA SISTEMA, CIVITANAVI SYSTEMS, COFLE, CYBEROO, DIGITOUCH, ECOSUNTEK, EL.EN., EMAK, ENERGY, GREENTHESIS, MISITANO & STRACUZZI SPA, MONDADORI EDIT., OLIDATA, OMER, PHARMANUTRA, QF ALPHA IMM, REPLY, SAES GETTERS, SERVIZI ITALIA, SESA, SG COMPANY, SOMEC, SYS-DAT, TAMBURI, TESMEC, THE ITALIAN SEA GROUP, TINEXTA, TMP GROUP, TXT E-SOLUTIONS, UNIDATA, WIIT **with the obligation to disseminate studies**

Intermonte SIM S.p.A. plays or has played in the last 12 months the role of sponsor for UNIDATA S.p.A.

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

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website MiFID

Further information is available