

TIP

BUY

Sector: Holdings & RE

Price: Eu9.11 - Target: Eu12.00

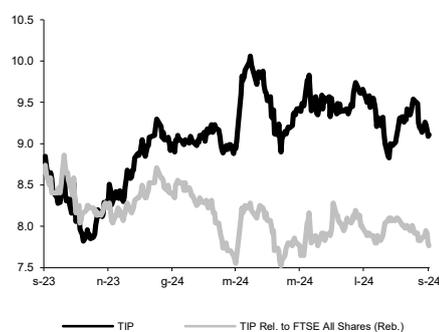
Selective Environment to Reward Industry Leaders

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Stock Rating

 Rating: Unchanged
 Target Price (Eu): from 12.40 to 12.00

TIP - 12M Performance



Stock Data

 Reuters code: TIP.MI
 Bloomberg code: TIP IM

Performance	1M	3M	12M
Absolute	0.2%	-3.8%	5.3%
Relative	-4.4%	-3.5%	-12.0%
12M (H/L)	10.06/7.82		
3M Average Volume (th):	131.45		

Shareholder Data

No. of Ord shares (mn):	184
Total no. of shares (mn):	184
Mkt Cap Ord (Eu mn):	1,680
Total Mkt Cap (Eu mn):	1,680
Mkt Float - Ord (Eu mn):	1,007
Mkt Float (in %):	59.9%
Main Shareholder:	
Management	11.7%

Balance Sheet Data

Book Value (Eu mn):	1,400
BVPS (Eu):	
P/BV:	
Net Debt (Eu mn):	-401
NAV (Eu mn)	2,218

■ **1H24 results reflect a lower contribution from capital gains but with resilient results from investees in a deteriorating macro environment:** TIP closed with pro-forma 1H profit of Eu34mn, down from the Eu64.7mn posted last year, mainly due to a reduction in capital gains to Eu21.6mn (from Eu45.4mn in 1H23). Shareholders' equity net of minorities was Eu1.36bn at 1H24. The group's consolidated NFP as at 31 March 2024, without considering financial assets booked as short-term available liquidity, is negative for ~Eu419mn. The positive contributions from investee companies continued, with good results delivered despite the ongoing economic slowdown. 1H24 revenues increased for many of the investee companies, which also posted resilient operating margins at the top end of industry levels.

■ **Outlook focuses on potential for future investments; TIP DAY on 16 October:** on 16 October TIP will organise for the first time an event aimed at involving non-listed companies that will help increase knowledge and understanding of their equity stories and the quality of Entrepreneurs and managers in whom TIP is invested. We believe this event is a positive to strengthen the visibility of the quality of the portfolio of investments as well as further highlighting the way in which the company approaches investment decisions.

In its outlook, TIP provides an update on the view for the future. The main focus is placed on the potential for new investment opportunities in a scenario that is getting more selective.

■ **Net intrinsic value confirmed at Eu14.8ps.** TIP's latest published net intrinsic value is Eu14.8ps, or Eu2.7bn, implying an embedded capital gain in the region of ~Eu2bn. The breakdown by segment is as follows: 24% in luxury & design, 20% industrial investments, 17% in food, retail & tourism, 17% in IT&tech, 11% in healthcare.

■ **BUY confirmed, TP updated to Eu12.0ps.** TIP fits perfectly as one of protagonists of this perspective scenario being invested in quality listed and non-listed companies.

After a period of reduced activity in terms of new investments there may be in the near future more favourable conditions to continue the mission of dynamic portfolio management and consequent value creation as it has always been in TIP's DNA. Therefore, we are confident the patient work done and the future deals will enable TIP to continue to deliver strong and higher-than-average returns to shareholders. TIP firepower for potential future investments remains significant at ~Eu1.1bn overall. We think that the recent underperformance of quality mid-caps stocks is in due course to a reversal and TIP looks interesting in light of the discount to dynamic NAV. TIP portfolio remains impossible to replicate given the blend of listed and non-listed companies and the fact many deals are orchestrated directly with entrepreneurs and managers which open the capital specifically for the contribution that they can get from TIP and its network. This a real goodwill which is contributing to the track record in terms of return on investments delivered by the company over the years.

Our TP of Eu12.0, down from Eu12.4 previously, is based on our dynamic NAV. The upside to the company's internally calculated NIV of Eu14.8 is much higher, at ~60%: this is the accretion management is confident of delivering based on a current assessment of the fair long-term valuation of the investments in the portfolio.

We reiterate our BUY rating, with a TP of Eu12.0ps that corresponds to our dynamic NAV.

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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 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMB40 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.

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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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BUY:	23.97 %
OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

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OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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