

# TIP

# BUY

Sector: Holdings &amp; RE

Price: Eu9.60 - Target: Eu12.40

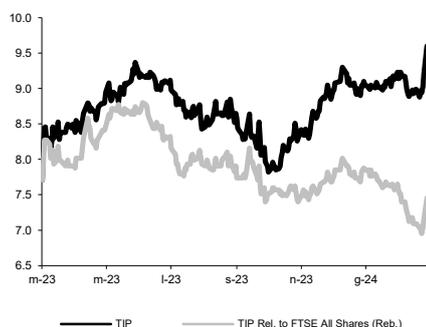
## Unleashing Potential of Non-Listed Investments

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### Stock Rating

<b>Rating:</b>	Unchanged
<b>Target Price (Eu):</b>	Unchanged

### TIP - 12M Performance



### Stock Data

Reuters code:	TIP.MI
Bloomberg code:	TIP IM

Performance	1M	3M	12M
Absolute	5.1%	8.5%	32.4%
Relative	-1.4%	-3.3%	1.7%
12M (H/L)		9.60/7.71	
3M Average Volume (th):		124.05	

### Shareholder Data

No. of Ord shares (mn):	184
Total no. of shares (mn):	184
Mkt Cap Ord (Eu mn):	1,770
Total Mkt Cap (Eu mn):	1,770
Mkt Float - Ord (Eu mn):	1,060
Mkt Float (in %):	59.9%
Main Shareholder:	
Management	11.7%

### Balance Sheet Data

Book Value (Eu mn):	1,460
BVPS (Eu):	
P/BV:	
Net Debt (Eu mn):	-380
NAV (Eu mn)	2,418

■ **Record adjusted net profit in 2023 at Eu149mn, DPS Eu0.15.** Pro-forma results from TIP are very solid and the year closed with profit of Eu149mn and net equity pertaining to shareholders in the parent company of Eu1.37bn, up circa Eu0.2bn YoY. The capital gains realised in 2023, totalling ~Eu115mn, came from disposals including a ~5% stake in IPG Holding (Interpump) mandatory to avoid exceeding 25% threshold, the disposal of a third of the stake in Azimut|Benetti, a partial divestment of Prysmian shares, and other smaller operations. Solid growth of the contribution from results of associate investee companies to Eu83.1mn (from Eu68.5mn in 2022).

■ **Strong results from investees across the board.** In 2023, almost all the TIP investees, which boast positions of leadership and limited or zero debt, further improved on excellent results in 2022 and, in most cases, achieved further records, especially in terms of profitability, in both absolute and percentage terms. The listed investee companies reported an average EBITDA margin of 18.4% while unlisted firms reported 15%, with Chiorino, Limonta, Vianova closing with EBITDA margins well above 20%, while Bending Spoons had revenues up 140% to Eu360mn.

■ **Continuing to manage the portfolio with an eye to private investments as outlook favourable.** 2023 closed with total investments of Eu144.3mn and divestments of Eu190mn. 2023 proved a favorable year for some divestments along with investments in IDG and Apoteca Natura. As stated in the 'Letter to Shareholders', TIP is well positioned to continue to seize investment opportunities in the future as the outlook appears supportive and competition from private equities softer.

■ **Net intrinsic value updated to Eu14.8ps.** TIP provided an update on net intrinsic value, indicating embedded capital gains at ~Eu2bn and a NIVps at Eu14.8ps or Eu2.7bn, of which 24% in luxury & design, 20% industrial investments, 17% in food, retail & tourism, 17% in IT&tech, and 11% in healthcare. The previous NIV was €13.9ps, equal to ~Eu2.53bn.

■ **BUY, TP Eu12.40ps confirmed.** The trend of the Italian stock market was particularly favourable for large caps but penalized mid-caps, including high-quality companies in many cases. During 2023, TIP continued to seize opportunities for new investments but also in terms of asset disposals at interesting prices, realising valuations higher than in our assumptions and with material capital gains. We expect an additional future focus on unlisted investments as the portfolio now includes sizable companies as they continue to show significant organic and M&A-driven growth.

We think that the current price is an attractive entry point: in the mid-long term, we expect the stock price to close the gap on the intrinsic value of the investment portfolio. We have revised our NAV to include recent investments and divestments, and updated valuations to include the recent results and indications. TIP has suffered much less than mid-caps from the challenging market environment but nonetheless the stock price looks still far from reflecting the company's fair value. Our dynamic NAV remains well above current prices with the discount at roughly 22%. The discount to the market price NAV is 12%.

**We reiterate our BUY, TP of Eu12.4ps equal 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&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.

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

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BUY:	26.02 %
OUTPERFORM:	47.15 %
NEUTRAL:	26.02 %
UNDERPERFORM	00.81 %
SELL:	00.00 %

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

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Emittente	%	Long/Short

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