

TXT E-SOLUTIONS

Sector: *Industrials*

OUTPERFORM

Price: Eu31.35 - Target: Eu47.40

Strong New Project Pipeline, Growth To Accelerate

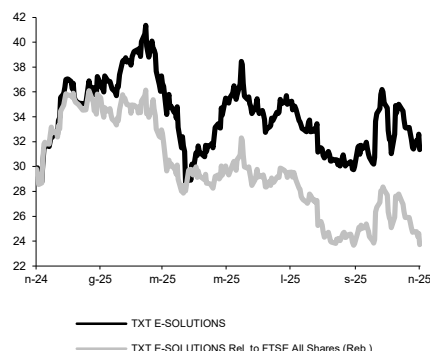
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	0.5%	1.4%	1.4%

Next Event FY25 Results
Results Out March 2026

TXT E-SOLUTIONS - 12M Performance



Stock Data

Reuters code:	TXTS.MI		
Bloomberg code:	TXT IM		
Performance	1M	3M	12M
Absolute	-9.7%	1.5%	5.2%
Relative	-15.4%	-4.5%	-27.0%
12M (H/L)	41.35/28.75		
3M Average Volume (th):	28.69		

Shareholder Data

No. of Ord shares (mn):	13
Total no. of shares (mn):	13
Mkt Cap Ord (Eu mn):	408
Total Mkt Cap (Eu mn):	408
Mkt Float - Ord (Eu mn):	231
Mkt Float (in %):	56.7%
Main Shareholder:	
Enrico Magni (Laserline)	30.3%

Balance Sheet Data

Book Value (Eu mn):	166
BVPS (Eu):	13.07
P/BV:	2.4
Net Financial Position (Eu mn):	-116
Enterprise Value (Eu mn):	514

■ **3Q25 revenues in line with our estimates, EBITDA better than expected.** 3Q25 revenues came to Eu92.4mn, up 13.6% YoY, incorporating organic growth of 1.5% YoY. The slight slowdown in organic growth vs. 2Q25 (+3.1% YoY) was because of a tougher comparison base (3Q24 saw organic growth of 35.9% - vs. +22.5% in 2Q24 - with the Software Engineering segment up by an impressive 43.8%); we note the quarter was also affected by the interruption of some low-margin activity in the division (worth c.3% of revenues). The Digital Advisory division remained the fastest-growing (+44%), and Smart Solutions showed 8.7% organic growth, while the Software Engineering segment recorded an organic decline (-10.7%) broadly in line with expectations. On margins, 3Q25 showed a surprising 14.7% margin (14.1% exp.) taking EBITDA to Eu13.6mn, up 29.0% YoY. On the bottom line, quarterly adj. profit was Eu6.7mn, up 35% YoY. Debt as at end-September peaked at Eu129.2mn (+Eu8mn vs. end-June) due to a growing IFRS16 impact (c.Eu3mn), continuation of the buyback plan (c.Eu1mn) and a rather difficult working capital trend.

■ **Management outlook.** Management appeared confident on the business outlook and that organic growth could start to accelerate in 4Q25, continuing into 2026. In Smart Solutions, the highest-margin segment, there is a strong pipeline in Aerospace & Defence, while the Digital Payments business is getting underway with NewPos Europe, and other opportunities are visible in both the Public Administration and Healthcare sectors. In Software Engineering, while the Aerospace & Defence segment is expected to remain strong, important new projects are expected for IoT solutions (control surveys on major infrastructure) and in Public Administration (Webgenesys). Finally, in the Digital Advisory business, more normalised growth should continue in 2026, in line with plan targets.

■ **Change in estimates.** In light of quarterly indications, we are leaving our revenue estimates broadly unchanged, making some adjustments between divisions. In terms of margins, we are becoming more constructive on the Smart Solutions segment. On net debt, our YE25 forecast is still assuming an improvement in NWC capital but with more gradual effects in 2026 and 2027. We are slightly raising the impact from PPA, for which we are making adjustments on EPS.

■ **OUTPERFORM; target Eu47.4 unchanged.** 3Q25 results were positive, considering the tough comparison on revenues and the better-than-expected improvement in margins. We expect business growth to accelerate in 4Q25. Looking ahead to 2026, while we expect some improvement in NWC management, the number and quality of ongoing projects make the equity story very attractive, with the targets announced to the market in May 2025 looking increasingly credible.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	224	305	387	426	464
EBITDA Adj (Eu mn)	32	39	57	64	71
Net Profit Adj (Eu mn)	19	19	28	33	38
EPS New Adj (Eu)	1.550	1.482	2.198	2.610	2.973
EPS Old Adj (Eu)	1.550	1.482	2.188	2.573	2.931
DPS (Eu)	0.250	0.250	0.358	0.448	0.523
EV/EBITDA Adj	8.5	10.9	9.0	7.5	6.3
EV/EBIT Adj	13.0	16.8	13.1	10.6	8.7
P/E Adj	20.2	21.2	14.3	12.0	10.5
Div. Yield	0.8%	0.8%	1.1%	1.4%	1.7%
Net Debt/EBITDA Adj	1.6	2.8	2.0	1.3	0.7

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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 between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 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:	32.06%
OUTPERFORM:	38.93%
NEUTRAL:	28.25%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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