

TXT E-SOLUTIONS

Sector: Industrials

OUTPERFORM

Price: Eu34.20 - Target: Eu46.00

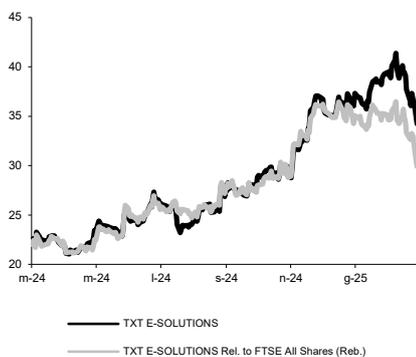
Promising FY25 Outlook; Maintaining a Vertical Approach

Andrea Randone +39-02-77115.364
 andrea.randone@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 45.00 to 46.00		
	2025E	2026E	2027E
Chg in Adj EPS	-5.4%	-3.1%	

Next Event 1Q25 Results
 Results Out 15 May 2025

TXT E-SOLUTIONS - 12M Performance



Stock Data			
Reuters code:	TXTS.MI		
Bloomberg code:	TXT IM		
Performance	1M	3M	12M
Absolute	-13.2%	-5.7%	62.1%
Relative	-14.9%	-18.8%	47.6%
12M (H/L)	41.35/21.05		
3M Average Volume (th):	26.80		

Shareholder Data	
No. of Ord shares (mn):	13
Total no. of shares (mn):	13
Mkt Cap Ord (Eu mn):	445
Total Mkt Cap (Eu mn):	445
Mkt Float - Ord (Eu mn):	252
Mkt Float (in %):	56.7%
Main Shareholder:	
Enrico Magni (Laserline)	30.3%

Balance Sheet Data	
Book Value (Eu mn):	171
BVPS (Eu):	13.47
P/BV:	2.5
Net Financial Position (Eu mn):	-106
Enterprise Value (Eu mn):	540

■ **Revenues and EBITDA, already out, net cash flow better than expected.** On 25 February, the group reported preliminary FY24 revenues of Eu304mn, up 36% YoY, or 22.3% YoY before considering M&A. Looking at 4Q24, revenues were Eu85.0mn, +30.7% YoY (+13.6% organic). In 4Q24, EBITDA was Eu11.1mn, up 8.8% YoY, with the margin reflecting investments to support growth and the evolution of the revenue mix. Net profit was Eu3.9mn, in line with expectations, albeit down Eu1.8mn YoY on higher financial charges and a tax rate at 32.1% compared to 19.4% in 4Q23. Net debt as at end-December was Eu108.9mn, better than our estimate of Eu122mn thanks to improving NWC management.

■ **Management outlook.** FY24 pro-forma revenues and EBITDA (accounting for the annualised contribution from acquisitions) were Eu355mn and Eu50mn respectively. For 2025, the CEO confirmed promising outlook in light of solid order backlog and a strengthened market positioning. A YoY margin improvement is expected thanks to the elimination of inefficiencies that arose in 2024, the discontinuation of resale revenues and the consolidation of the highly profitable Webgenesys business (EBITDA margin >20%). Outlook for 2025: 1) at Smart Solutions, low double-digit organic growth; 2) at Digital Advisory, organic growth of ca. 10%; 3) at Software Engineering, mid-single-digit organic growth. In order to achieve greater financial flexibility to continue the M&A strategy, after the recent acquisition of IT Values (5 March 2025), management is not only evaluating options for its stake in Banca del Fucino but also considering the possible disposal of certain non-core business areas.

■ **Change in estimates.** As for our 2025 revenue forecast, we assume 11% organic growth for the Smart Solution segment (from +12%) but we also include the contribution of IT Values from 2Q25; for Digital Advisory, we adjust the organic forecast up from 5% to 6%, remaining below guidance (10%); for Software Engineering, we confirm a 4% organic assumption. For the latter, we assume non-core resale revenues (ca. Eu12mn in FY24) at zero in FY25. Net of this impact, divisional FY25 organic growth would be 9% in FY25. On the other hand, our improved 2025 EBITDA margin estimate (14.5%), which we confirm, implies a 160bp EBITDA margin improvement vs. FY24, largely explained by the consolidation of Webgenesys and IT Values, but also by the discontinuation of the non-profitable resale business. Minor EPS changes in 2025 and 2026 reflect the increasing number of outstanding shares after the recent use of treasury shares for M&A payments.

■ **OUTPERFORM; target from Eu45.0 to Eu46.0.** Cash generation in the last quarter was better than expected. Our estimates, revised to include the recently announced acquisition of IT Values, are still slightly more conservative than company guidance. The revision to our target price (calculated using a DCF model with WACC at 8.4% and a long-term growth rate of 3%) reflects the change in estimates. We see the recent share price correction as an opportunity and we confirm our positive view on the stock which, at our new target, would trade at 12x 2025 EV/adj. EBITDA.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	224	305	385	423	457
EBITDA Adj (Eu mn)	32	39	56	62	67
Net Profit Adj (Eu mn)	19	19	29	33	37
EPS New Adj (Eu)	1.550	1.482	2.310	2.622	2.877
EPS Old Adj (Eu)	1.550	1.736	2.442	2.706	
DPS (Eu)	0.250	0.250	0.383	0.446	0.498
EV/EBITDA Adj	8.5	10.9	9.6	8.3	7.1
EV/EBIT Adj	13.0	16.8	13.6	11.5	9.9
P/E Adj	22.1	23.1	14.8	13.0	11.9
Div. Yield	0.7%	0.7%	1.1%	1.3%	1.5%
Net Debt/EBITDA Adj	1.6	2.8	1.9	1.3	0.7

