

# TXT E-SOLUTIONS

Sector: Industrials

# OUTPERFORM

Price: Eu35.50 - Target: Eu46.00

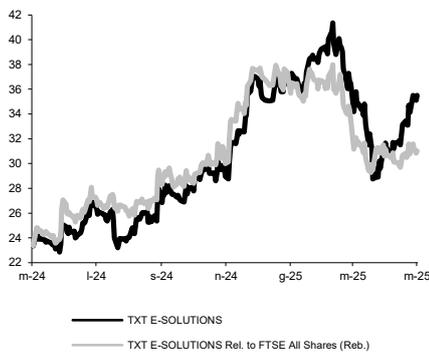
## Strong Set Of Results, Focus On Capital Markets Day

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	-4.7%	-3.4%	-2.0%

**Next Event 1H25 Results**  
 Results Out 7 August 2025

### TXT E-SOLUTIONS - 12M Performance



Stock Data			
Reuters code:	TXTS.MI		
Bloomberg code:	TXT IM		
Performance	1M	3M	12M
Absolute	12.2%	-9.6%	51.4%
Relative	-0.5%	-16.6%	36.9%
12M (H/L)	41.35/22.85		
3M Average Volume (th):	33.79		

Shareholder Data	
No. of Ord shares (mn):	13
Total no. of shares (mn):	13
Mkt Cap Ord (Eu mn):	462
Total Mkt Cap (Eu mn):	462
Mkt Float - Ord (Eu mn):	262
Mkt Float (in %):	56.7%
Main Shareholder:	
Enrico Magni (Laserline)	30.3%

Balance Sheet Data	
Book Value (Eu mn):	170
BVPS (Eu):	13.38
P/BV:	2.7
Net Financial Position (Eu mn):	-107
Enterprise Value (Eu mn):	557

■ **1Q25 results beat forecasts.** 1Q25 revenues came to Eu92.2mn, 2.5% higher than expected and up 37.3% YoY. Like-for-like growth was 7.1%, beating our 5.3% estimate. Organic growth would have come to 12.1% excluding the impact from the interruption of some non-core activity in 1Q24 (Eu3mn of revenues that did not generate EBITDA). Digital advisory (Eu14.9mn of revenues), up 51.6% YoY (+21.8% organic), was the main positive surprise (our estimate Eu13.2mn), backed up by a convincing performance from Smart Solutions and Software Engineering. The EBITDA margin also surprised on the upside, coming in 100bp above our estimate and up 150bp YoY. In this case, the segments that exceeded expectations were Smart Solutions (17.4% EBITDA margin vs. 15.5% expected) and Software Engineering (13.7% EBITDA margin vs. 12.2% expected). Below EBITDA, financial charges and taxes were slightly higher than our estimates, leading to net profit closing at Eu5.5mn, 8% higher than forecast. At the end of March, net debt came to Eu106.8mn, in line with our Eu105mn estimate, considering the Eu1.1mn buyback in the period. Management confirmed FY guidance, indicating that organic growth and the EBITDA margin should remain as solid as witnessed in 1Q25.

■ **Management outlook.** Management confirmed FY guidance, indicating that organic growth and the EBITDA margin should remain as solid as witnessed in 1Q25. The general outlook remains supportive, and TXT is hosting a Capital Markets Day in Milan on 27 May to detail 3-year targets. The company keeps on investing to develop new software solutions and platforms. ProSIM solutions for flight training are receiving very positive customer feedback. The company keeps investing in verticals, such as AI solutions for aerospace and defence, a new training platform for pilots, solutions for digital payments and an IoT platform. In terms of M&A, they will continue the strategy that has been implemented so far. Without stressing the leverage, they have a focus on high value niches, to add new areas of expertise and complementary offerings, with a special focus on international targets. Management is very happy with the integration of Webgenesys, a deal that is creating synergies in the Public Sector thanks to a very strong team.

■ **Change in estimates.** In light of 1Q25 results, we are nudging our revenue and EBITDA forecasts slightly upwards (+0.5%/+0.8%), remaining consistent with management guidance. Below EBITDA, we are slightly raising D&A, financial charges and the impact from minorities (mainly related to Webgenesys – 16% - and ProSim – 40%, to be repurchased with the approval of FY25 accounts). We adjust also, especially on FY25, for the impact on one-offs.

■ **OUTPERFORM; target Eu46.0 unchanged.** 1Q25 results were strong, especially considering the tough comparison on revenues and the significant improvement in margins, and also highlighted good contributions from recent acquisitions, with Webgenesys leading the way. The Capital Markets Day scheduled for 27 May in Milan should be a positive catalyst. We confirm our positive view on the stock which, at our target, would trade at 12x 2025 EV/adj. EBITDA.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	224	305	387	425	460
EBITDA Adj (Eu mn)	32	39	57	63	68
Net Profit Adj (Eu mn)	19	19	28	32	36
EPS New Adj (Eu)	1.550	1.482	2.202	2.533	2.819
EPS Old Adj (Eu)	1.550	1.482	2.310	2.622	2.877
DPS (Eu)	0.250	0.250	0.365	0.437	0.497
EV/EBITDA Adj	8.5	10.9	9.8	8.5	7.3
EV/EBIT Adj	13.0	16.8	14.3	11.9	10.1
P/E Adj	22.9	24.0	16.1	14.0	12.6
Div. Yield	0.7%	0.7%	1.0%	1.2%	1.4%
Net Debt/EBITDA Adj	1.6	2.8	1.9	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 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.

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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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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 %

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Emittente	%	Long/Short
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