BancaProfilo

Company Update

TPS Group: diversification and sizeable cash to grow again

tps group

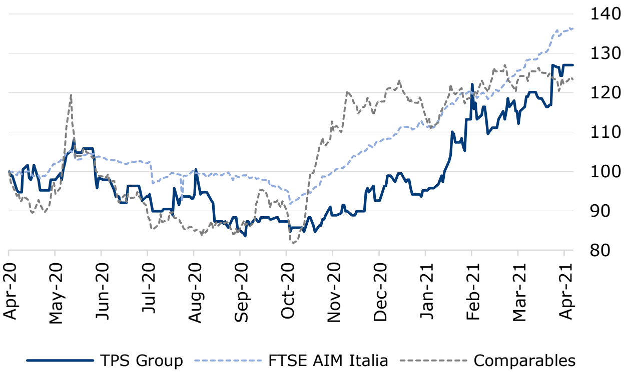
April 29th, 2021, at 18:00

Target Price (€)	7.8 from 7.0
Recommendation	BUY
Price as of April 28th, 2021	4.8
Number of shares (mln)	7.3
Market capitalization (€, mln)	34.8
Performance	**from IPO**
Absolute	+50%
Max / Min	6.0/3.0
Average daily volumes	4,804

(€mln)	2019	2020E	2021E	2022E	2023E
VoP	**36.8**	**31.0**	**36.4**	**39.2**	**42.5**
yoy (%)	*53%*	*-16%*	*17%*	*8%*	*9%*
EBITDA	**7.0**	**5.3**	**6.7**	**7.3**	**8.5**
margin (%)	*19%*	*17%*	*18%*	*19%*	*20%*
EBIT	**4.0**	**2.5**	**4.4**	**4.5**	**5.0**
margin (%)	*11%*	*8%*	*12%*	*11%*	*12%*
Net income	**2.4**	**1.6**	**3.0**	**3.0**	**3.4**
margin (%)	*6%*	*5%*	*8%*	*8%*	*8%*
Net debt	**(2.9)**	**(5.1)**	**(6.9)**	**(9.6)**	**(13.0)**
Sh. Equity	19.3	20.8	23.8	26.8	30.2
Capex	3.7	1.2	1.7	2.5	2.7
FCFs	**(0.4)**	**2.8**	**2.2**	**2.6**	**3.4**

Source: Banca Profilo estimates and elaborations, Company data.

1Y normalized performance



FY20 figures not only better than expected, but also better than competitors

TPS Group FY20 results came in mostly better than we had expected and showed an operational management above the sector average. The Value of Production stood at €31mln (vs our forecast of €30.9), -16% yoy, while the EBITDA totaled €5.3mln (10% above our estimate), with the EBITDA margin declining only 200bp yoy to 17%, yet 140bp above our estimate. If compared to the average performance of competitors (revenues down by 20% yoy and EBITDA margin down by about 600bp), TPS showed its resilience and its strength, particularly if we consider that: i) the sample of comparables includes structured giants like Alten, Akka and Meggitt and ii) TPS performance was fully organic.

Performance breakdown and 2021 outlook

TPS business activity has been affected by the pandemic and related government containment measures mostly in the Automotive sector, where, according to our estimates, activities recorded a 20% yoy contraction in 2020, as several projects have been either canceled or postponed; on the opposite, the Aerospace sector continued an almost ordinary basis, with an estimated 5% yoy drop in revenue. 2021 began in a similar way: automotive-related activities, mainly based on projects on new car models, continued to suffer the absence of fairs and motor shows, while the Aeronautical sector, where the Group mainly operates through recurring activities, has been showing some business continuity. Given the uncertainties related to the Automotive sector, the Company is not going to disclose a guidance, but it aims to return to VoP pre-pandemic levels by the end of 2021.

2021E-2023E projections

Since our previous Company Update (September 29, 2020), various independent international organizations have revised down their estimates for the Italian GDP both in 2021 and 2022. However, there has been a global upwards revision of the expected growth in Aerospace, TPS core sectors, and in the sectors in which TPS aims to expand, namely that of industrial mechanics and engineering infrastructure. We also included the agreement with CHANGFA, a leading Chinese operator in the production of agricultural vehicles, which we estimate will bring approximately €1mln in revenues over the next three years. Altogether, our 2021E-2023E projections did not undergo significant changes: the Value of Production is expected to grow at a 20-23E CAGR of 11% to €41.1mln in 2023 (vs our previous estimates of 12% and €41.9mln, respectively), while EBITDA is forecast to reach €8.5mln in 2023, with EBITDA margin improving from 17% in 2020 to 20% (in line with our previous expectations). This thesis is also supported by the financial resources available to the Group which boasted a negative Net Financial Position of €5.1mln (cash) as of the end of December (in line with our estimate), which may allow the Company to resume its growth path also for external lines.

ESG

TPS has published its first Sustainability Report relating to the FY20, which represents an important step in transparently communicating its ESG commitments. We believe that attention to these issues and periodic reporting of related performance, are elements in common with a few companies listed on the AIM and therefore represent a competitive advantage for the Company.

Valuation: TP at €7.8 from €7.0, BUY confirmed

We confirm our BUY recommendation, with a Target Price of €7.8, up from our previous €7.0, an upside entirely attributable to the rerating of multiples. The Target Price is computed as the simple average of DCF valuation, equal to €8.0/share (unchanged), and market multiples valuation on 2021E-2022E median EV/EBITDA of 7.3x (vs previous 5.8x), equal to €7.6/share (vs previous €6.1/share).

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Better than expected FY20 results

In 2020, TPS Group recorded a 16% yoy decrease in the Value of Production to €31mln, as a result of the physiological slowdown in the volume of activity caused by the economic effects of Covid-19 outbreak, while EBITDA declined by 24% yoy to €5.3mln, yet 9% above our estimate; EBITDA margin positively surprised, loosing 200 basis points from 2019 to 17%. In line with expectations, sectoral performances were considerably divergent, as Automotive-related revenues almost declined by 20% yoy, while the Aerospace showed some resilience, with estimated revenue down about 5% yoy in 2020.

Post Covid-19: aiming at returning to 2019 levels

2021 began in a similar way, as cost-engineering activities and projects on new car models continue to suffer the absence of automotive fairs and motor shows, while Avionics and Aeronautics, where the Group mainly operates through recurring activities, guarantee some business continuity. Despite the Company demonstrated its ability to face such a disruptive crisis, the management chose not to provide any guidance for 2021. Nevertheless, the Company aims to return to 2019 Value of Production levels in 2021.

21E-23E estimates:
- *VoP growing at a 20-23E CAGR of 11%*
- *EBITDA margin up to 20% in 2023*
- *Net cash seenat €13mln in 2023, available for M&A*

In line with TPS intentions, we expect the Company to return to VoP pre-pandemic levels by the end of 2021, to then continue its growth path and diversification through both organic growth and acquisitions. According to our estimates, the growth in 2021 will be mainly driven by the Aerospace sector and, in a residual manner, by the expansion of activities in the industrial machinery and mechanical engineering sectors, where TPS is currently present with total revenues below 10% on total revenues, but aims to expand further.

Our 2021E-2023E projections did not undergo significant changes from our previous Company Update (September 29th, 2020): Value of Production is expected to grow at a 20-23E 11% CAGR to €41.1mln in 2023 (vs our previous estimates of 12% and €41.9mln, respectively), while EBITDA is expected at €8.5mln in 2023, with EBITDA margin improving from 17% in 2020 to 20% (in line with our previous estimate). On the Balance Sheet side, Shareholders' Equity should grow at 13% 20-23E CAGR, to €30.2mln, driven by a constantly growing net profit, while Net Cash is seen improving up to €13.0mln at the end of 2023 (€5.1mln in 2020), including cash and cash equivalents of €17.5mln (9.5mln in 2020), which the Company may use for potential M&A operations.

TPS in a nutshell: key investment drivers

Intact trends and strengths that will support TPS growth

On an organic basis, in addition to the full roll out of synergies from recent acquisitions, we recall the numerous growth drivers for future growth:

i) the geographic expansion in Europe, in the United States and in Asia;
ii) the great spirit of innovation and investments in R&D, which will favour the discovery of cutting-edge systems and services;
iii) the growing demand for electric vehicles, a positive trend for TPS as the Group is specialized in the design of "full electric" systems, and
iv) a further consolidation of the relationship with Leonardo;

Added to these is the Company's strategy to grow also by external lines, with the aim of expanding the range of services offered and the customer base.

TPS: the leading Italian player in the technical and engineering services for the A&D and Automotive industries

The TPS Group was founded in 1964 as one of the first Italian companies offering an external analysis and drafting service of technical and manual documentation for the Aerospace & Defense industry. Before the coronavirus outbreak, the Company had started a path of expansion and diversification, which had led TPS to decrease its dependence on the Aerospace sector and to have a significant presence also in the engineering services market dedicated to the Automotive industry. TPS offers highly specialized engineering consultancy and design services, such as drafting of technical publications, implementation of cost-engineering activities, development of proprietary software for avionics systems, designing and production of parts & components, training of technical maintainers for aircraft, and digital content management services including virtual reality and augmented reality platforms for the 4.0 Industry.

A consolidated, defensive and highly innovative business

TPS' business can be described as: i) consolidated, thanks to the strong existing relationships with large Italian industrial groups, ii) defensive, due to the partial visibility of revenues and the high entry barriers in the sectors of activity, and iii) characterized by a strong spirit of innovation and by a consolidated research and development activity.

Valuation: DCF and market multiples approach

Fair value unchanged at €8.0

Since our previous Company Update (September 29th, 2020) we have made no material changes to our DCF inputs. Expected cumulative cash flows in the 2021-2023 explicit period remained at €8.2mln, as well as the cash flow for the terminal value, at €2.8mln, and the WACC, at 6.8%. As a result of stable DCF inputs, we confirm a fair value of €8.0.

Relative market multiples valuation up to €7.6 from €6.1 due to rerating of multiples

For what concerns the market multiples approach, we have seen a significant rerating of the average EV/EBITDA 2021-2022 of comparables, which went from 5.8x at the end of September 2020 to 7.3x (+26%). From this, we derived an average Equity Value of €55.0mln, equivalent to a per share value of €7.6, up from €6.1 (+25%) at the time of our latest Company Update.

12-month Target Price at €7.8 from €7.0; BUY confirmed

We then set our Target Price at €7.8/share, as an average of the DCF FV and relative valuations, up from €7.0 of the previous Company Update, an upward revision entirely attributable to the rerating of multiples.

We confirm our BUY recommendation.

Key risks

Estimates execution risks	Among the risk factors analysed, those with a significant probability of occurrence or a considerable potential impact on TPS' business are: the risk associated with customer concentration and the relative dependence of revenues on a few important customers, and the risk of contraction of demand or of economic downturns. The other risk factors implicit in TPS' business have a low probability of occurrence or a low potential impact on the business and we do not believe they could significantly affect our projections, unless exceptional events occur.
The risk associated with customer concentration: *- low probability* *- very high impact*	TPS' business is typically characterized by long-term relationships with the main national players which represent a significant portion of the reference market and of the Group's revenues. TPS is therefore potentially exposed to the risk of default, termination and non-renewal of existing contractual relationships with these customers. This risk is endogenous to the sectors in which TPS operates and is partially counterbalanced by the reliability of customers, consisting of primary industrial realities, and by the type of agreements signed, long-term contracts that guarantee a discreet flexibility of action and high solvency standards. We evaluate this risk with a low level probability of occurrence, but with a very high potential impact on the business.
The risk related to the contraction of demand: *- medium probability* *- medium impact*	The business of TPS, like any other company, is exposed to the potential risk of contractions in demand deriving from a reduction in the activity of the main customers or from potential exogenous events that could negatively impact the business. This risk is partially offset by the defensive nature of TPS' business, derived from the partial visibility of revenues, the defensive endogenous character of the A&D industry and the high entry barriers in the sectors of activity, but the Automotive industry, due to its cyclical nature, is more exposed to a potential contraction in demand. We evaluate this risk with a medium level probability of occurrence and with a medium potential impact on the business.

SWOT analysis

STRENGTHS	WEAKNESSES
• Very advanced management control and severe economic balance • Partial revenue visibility, thanks to multiannual agreements • A strong-long term relationship with Leonardo which has lasted since the years of TPS foundation • Resilience and defensive character of main end-market, the A&D industry • High entry barriers in the sectors of activity • Consolidated track-record in M&A operations	• Small size of the business • End-markets concentration and Value of Production’s dependence on few customers • Absolute dependence on the Italian market which represents more than 90% of the Value of Production

OPPORTUNITIES	THREATS
• Strong spirit of innovation and investments in R&D that favour the discovery of cutting-edge systems and services • Geographical expansion opportunities in the United States, in the European markets and in China • Specialization in the design of "full electric" systems and exposure to the growing trend of electric vehicles • Potential increasing demand for virtual reality and augmented reality systems in a new normality characterized by social distancing	• Challenging market environment after the Covid-19 outbreak • Uncertainties regarding the recovery of automotive-related activities, still penalized by the absence of motor shows and fairs

FY 2020 results

Main operating and financial data

FY 2020 main figures:
- *VoP -16% yoy to €31mln*
- *EBITDA margin -200bps to 17%*
- *Net Income at €1.6mln or 5% margin*

In 2020, TPS Group recorded a 16% decrease in the Value of Production to €31mln, as a result of the physiological slowdown in the volume of activity caused by the economic effects of Covid-19 outbreak. The Group posted uneven trends in the performance of industrial end-markets: while the aeronautical segment showed some resilience, with estimated revenues down 5% yoy, automotive-related revenues dived approximately 20% yoy, as TPS had to face the sudden stop of projects by some customers.

EBITDA stood at €5.3mln, with the EBITDA margin loosing 200 basis points from 2019 to 17%. With the sole exception of labour cost, whose incidence on VoP increased from 57% to 61%, the Company was able to lower variable costs more proportionally than turnover, partially offsetting the increase in the incidence of fixed costs. COGS saw an overall reduction in their incidence on VoP from 24% in 2019 to 21.5% in 2020.

The Company postponed investments and cut its 2020 Capex from €3.7mln to €1.2mln. D&A was slightly lower than in 2019, at €2.8mln from €3mln, due to previous years investments.

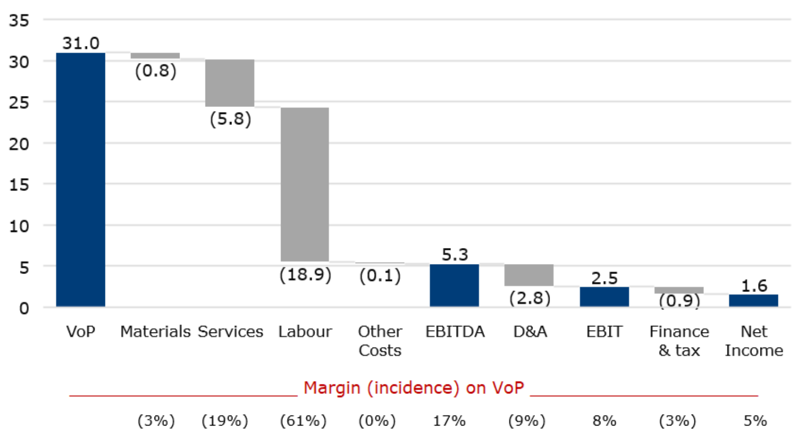
As a result, consolidated Net Income was down 35% yoy, to €1.6mln from €2.4mln, yet showing a 5% margin.

Better than expected FY20 results

Compared to our estimates at the time of our latest Company Update, FY20 results came in mostly better than expected, mainly for EBITDA (9% positive surprise) and Net Income (15% positive surprise), confirming the resilience of the Group in a very complex and uncertain scenario.

The entrepreneurial and management capabilities of the Group can also be seen through a comparative analysis against main comparable listed companies, which recorded an average turnover contraction of 20% yoy in 2020 and an average drop in EBITDA margin above 500 basis points.

Figure 1: FY20 cost structure, € mln



Source: Banca Profilo elaborations on Company data.

Table 1: TPS Profit & Loss FY18 – FY20

Profit & Loss (€/mln)						
		2016	2017	2018	2019	2020
Value of production		**14.6**	**19.1**	**24.1**	**36.8**	**31.0**
	yoy		*31%*	*26%*	*53%*	*-16%*
Cost of materials and purchased services		(6.1)	(6.3)	(6.6)	(8.8)	(6.7)
	% on VoP	*41%*	*33%*	*27%*	*24%*	*21%*
Added Value		**8.6**	**12.8**	**17.5**	**28.0**	**24.3**
	yoy		*50%*	*37%*	*60%*	*-13%*
Labour cost		(5.4)	(8.6)	(12.6)	(20.9)	(18.9)
	% on VoP	*37%*	*45%*	*52%*	*57%*	*61%*
Other Operating Expenses		(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
	% on VoP	*0%*	*0%*	*0%*	*0%*	*0%*
Comprehensive cost of goods sold		(11.5)	(14.9)	(19.3)	(29.8)	(25.7)
	% on VoP	*79%*	*78%*	*80%*	*81%*	*83%*
EBITDA		**3.1**	**4.1**	**4.8**	**7.0**	**5.3**
	EBITDA Margin on VoP	*21%*	*22%*	*20%*	*19%*	*17%*
D&A		(0.1)	(0.8)	(1.2)	(3.0)	(2.8)
	% on VoP	*1%*	*4%*	*5%*	*8%*	*9%*
EBIT		**3.0**	**3.4**	**3.5**	**4.0**	**2.5**
	EBIT Margin on VoP	*21%*	*18%*	*15%*	*11%*	*8%*
Net financial income (expenses)		(0.1)	(0.0)	(0.2)	(0.3)	(0.2)
	% on VoP	*1%*	*0%*	*1%*	*1%*	*1%*
Net extraordinary income (expense)		(0.2)	(0.2)	0.1	(0.2)	(0.1)
	% on VoP	*1%*	*1%*	*0%*	*1%*	*0%*
EBT		**2.7**	**3.1**	**3.4**	**3.4**	**2.2**
	EBT Margin on VoP	*18%*	*16%*	*14%*	*9%*	*7%*
Income Tax Expense		(0.8)	(1.0)	(1.0)	(1.1)	(0.6)
	Tax rate	*29%*	*32%*	*29%*	*31%*	*28%*
Net Income		**1.9**	**2.1**	**2.4**	**2.4**	**1.6**
	% on VoP	*13%*	*11%*	*10%*	*6%*	*5%*
EPS			**0.0**	**0.4**	**0.4**	**0.2**
	yoy				*-10%*	*-35%*

Source: Banca Profilo elaborations on Company data

Balance Sheet: solid and robust financial and equity structure

At the end of December, TPS showed €7.7mln of fixed assets (in line with our estimate), decreasing 16% yoy from €9.2mln at the end of 2019, due to deferred investments. However, the Company significantly invested in hardware and software upgrade for the structuring and organization of work from home. Furthermore, in January 2020, TPS started the lease of its new headquarters.

Net operating working capital grew by €0.9mln at 46% of VoP

Net operating working capital grew by €0.9mln to €14.2mln, at 46% of VoP (vs our estimates of €14.0mln and 45%, respectively), for the reduction in trade payables against an increase in trade receivables. The decline in the former is due to the less recourse to external suppliers, while the increase in the latter to the lengthen of the Days Payable Outstanding of some valuable customers.

Net cash up to €5.1mln at the end of December

From a liquidity point of view, TPS showed a consistent ability to generate cash: net cash increased from €2.9mln at the end of 2019 to €5.1mln (in line with our estimate) at the end of 2020, driven mainly by net profit.

Table 2: Balance Sheet FY18 – FY20

Balance Sheet (€/mln)	2016	2017	2018	2019	2020
Intangible Assets	0.2	2.9	4.2	5.5	4.3
Property, Plant & Equipment	0.7	0.8	0.9	3.5	3.3
Financial Assets	0.0	0.0	0.1	0.2	0.2
Fixed Assets	**1.0**	**3.7**	**5.2**	**9.2**	**7.7**
Trade Receivable	5.5	10.6	11.7	16.1	16.3
Inventories	-	-	-	-	-
Trade Payable	(1.6)	(2.8)	(1.9)	(2.8)	(2.1)
Net Operating Working Capital	**3.9**	**7.8**	**9.8**	**13.3**	**14.2**
% on VoP	*27%*	*41%*	*41%*	*36%*	*46%*
Trade receivables (% on VoP)	*38%*	*55%*	*48%*	*44%*	*53%*
Inventories (% on VoP)	*0%*	*0%*	-	-	-
Trade paybles (% on cost of services & materials)	*14%*	*19%*	*29%*	*31%*	*32%*
Other Assets	1.2	1.4	2.2	1.9	1.7
Other Liabilities	(1.3)	(3.0)	(4.0)	(4.3)	(3.9)
Funds	(0.9)	(2.7)	(2.9)	(3.7)	(4.0)
Invested Capital	**3.9**	**7.2**	**10.4**	**16.5**	**15.8**
CapEx	**0.1**	**2.1**	**3.4**	**3.7**	**1.2**
Intangible	0.1	1.9	3.2	3.5	0.3
Tangible	0.0	0.2	0.2	0.2	0.9
Financial	0.0	0.0	0.0	0.0	0.0
% on VoP	*1%*	*11%*	*14%*	*10%*	*4%*
Shareholders' equity	-	5.2	14.7	16.7	19.0
Group Net Income	-	2.0	2.3	2.3	1.5
Shareholders' equity attributable to third parties	-	0.2	0.3	0.3	0.3
Minority/Non Controlling Interest	-	0.1	0.1	0.0	0.0
Consolidated Shareholders' Equity	**0.0**	**7.4**	**17.4**	**19.3**	**20.8**
Financial Debt	1.9	1.3	2.5	2.3	1.6
Cash and cash equivalents	(1.2)	(1.6)	(9.9)	(8.3)	(9.5)
Leasing debt	0.4	0.4	0.4	0.4	0.3
Payables for rights of use	-	-	-	2.7	2.5
Other financial receivables	(0.1)	(0.0)	(0.0)	-	-
Net Financial Position (Cash)	**1.0**	**0.1**	**(7.0)**	**(2.9)**	**(5.1)**

Source: Banca Profilo elaborations on Company data

Strategy and estimates

Corporate strategy

Post Covid-19: aiming at returning to 2019 levels

TPS business activity has been affected by the pandemic and related government containment measures mostly in the Automotive, while the Aerospace showed some resilience. 2021 began in a similar way, as automotive-related activities, mainly cost-engineering and projects on new car models, have continued to suffer the absence of fairs and motor shows, while Avionics and Aeronautics, where the Group mainly operates through recurring activities, have guaranteed some business continuity. Despite the Company demonstrated its ability to face such a disruptive crisis, the management chose not to provide any guidance for 2021. Nevertheless, the Company aims to return to 2019 Value of Production levels in 2021.

TPS will continue to grow both organically and through acquisitions

Despite the Coronavirus outbreak, the Company has not changed its growth plans, which are based on both organic and external growth, as M&A operations allow to expand the range of services offered and the customer base. TPS has shown so far an excellent track record, with organic growth historically higher than 7% per year since the IPO, except for 2020, and five successful acquisitions since 2016 which led the Value of Production to more than doubling in four years, from €14.6mln in 2016 to €36.8mln in 2019. The Company also aims to expand its geographical presence, especially in the United States, where activities have been postponed due to the pandemic, and in China, where TPS has recently signed an engineering service supply contract for CHANGFA, a large agricultural equipment manufacturer.

Our 2021E-2023E estimates

FY21E at pre-Covid levels

The economic crisis triggered by Covid-19 has been considerably impacting TPS business activity, but we expect the Company to return to VoP pre-pandemic levels by the end of 2021, to then continue its growth path and diversification through both organic and acquisitions.

Intact trends and strengths that will support TPS growth

As for organic growth, TPS expansion will be driven by:

- further consolidation of its relationship with Leonardo;
- the strong spirit of innovation and investments in R&D which will favor the discovery of cutting-edge systems and services;
- growing demand for electric vehicles, as TPS is specialized in the design of "full electric" systems;
- potential geographical expansion.

VoP: 11% CAGR 2020-2023E to €41.1mln (vs previous 12% and €41.9mln)

Our estimates are on TPS Group as is, stand alone, at constant exchange rates, and are based on a forecasting methodology which includes both top-down and bottom-up assumptions.

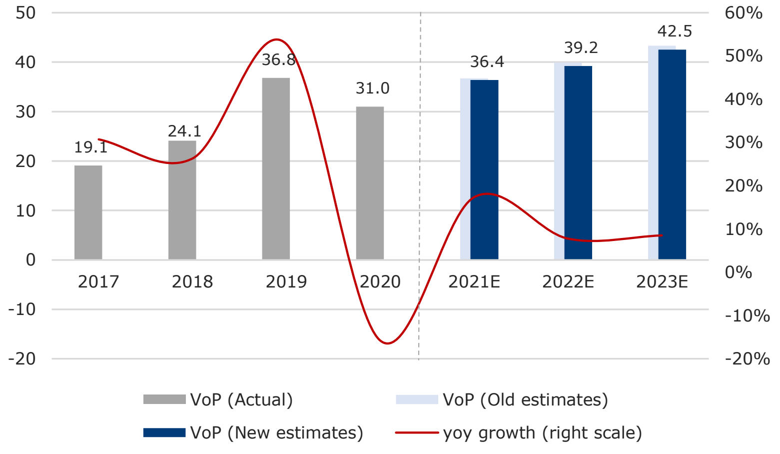
- Top-down assumptions: since our previous Company Update (September the 29th, 2020), from a macroeconomic point of view, two main factors have changed: i) various independent international organizations have revised down their estimates for the Italian GDP both in 2021 and 2022 (> 90% of TPS turnover), and ii) there has been a global upwards revision of expected 2021-2022 growth in Avionics and Aeronautics, TPS core end-markets, and for sectors in which TPS aims to expand, namely industrial mechanics and engineering infrastructure;
- Bottom-up assumptions: on the microeconomic front, there have been no significant changes since our last Company Update, as FY20 data were almost in line with our estimates, except for EBITDA margin and Net Income which came in above our expectations. Furthermore, no guidance has been provided by the management.

Altogether, our 2021E-2023E projections did not undergo significant changes: Value of Production is expected to grow at a 20-23E 11% CAGR to €41.1mln in 2023 (vs our

Net cash seen close to €15mln in 2023, available for M&A

previous estimates of 12% and €41.9mln, respectively), while EBITDA is expected at €8.5mln in 2023, with EBITDA margin improving from 17% in 2020 to 20% (in line with our previous estimate). On the Balance Sheet side, Shareholders' Equity should grow at 11% 20-23E CAGR, to €31.7mln, driven by a constantly growing net profit, while Net Cash is seen improving €14.5mln at the end of 2023 (€5.1mln in 2020), including cash and cash equivalents up to €19mln (9.5mln in 2020), which the Company will use for potential M&A operations.

Figure 2: Value of Production trend 2018-2023E, € mln, and yoy growth (%)



Source: Banca Profilo elaborations and estimates on Company data

Cost assumptions

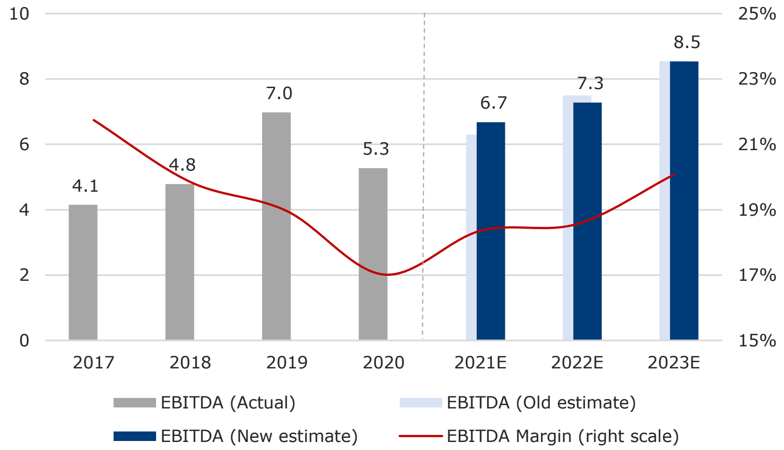
Our costs estimates are based on the following assumptions:

- Incidence of cost of materials and purchased services on VoP almost constant over the explicit period, and in line with 2019 values, at 3% and 21% respectively (in line with our previous estimates). In particular, the incidence of services costs is assumed constant as we do not include potential M&A in our estimates, whose impact has historically led to a decline in the incidence of the cost of services, partially internalized through acquisitions;
- 60 new employees from 2021 to 2023, for an average of 20 new hires per year; partial use of the CIG also during 2021 which will allow the Company to maintain an average labor cost per employee below 2019 values; no use of CIG in 2022 and 2023, with an average labor cost exactly equal to the average value recorded in 2019; the incidence on the VoP is thus estimated to decline progressively, from 61% in 2020 to 56% in 2023 vs 57% in 2019 (broadly in line with our previous estimates)
- Other operating costs: we assume a constant incidence on the Value of Production throughout the entire forecasting period, at 0.4%.

EBITDA margin estimated at 18% in 2021 (vs previous 17%)

EBITDA is estimated to increase by 27% yoy in 2021, to €6.7mln (vs our previous estimate of €6.3mln), with EBITDA margin improving to 18%, revised upwards from our previous forecast at 17% (the Company has already reached a 17% EBITDA margin in 2020).

Figure 3: EBITDA and EBITDA margin trend 2017-2023E, € mln



Source: Banca Profilo elaborations and estimates on Company data

D&A at 7% of VoP on average

D&A for 2021-2023 is forecast to amount to a total of €8.6mln (yearly average of €2.9mln), of which exactly half attributable to the depreciation of fixed assets already in the balance sheet and the other half to an increasing investment plan, with total 2021-2023 CapEx estimated equal to €7mln (vs €6.9mln of our previous estimates).

However, we have recalibrated the CapEx for the individual years, lowering those expected for 2021 (from €2.2mln to €1.7mln) and raising those estimated for 2022 and 2023 (from €2.2mln to €2.5mln and from €2.4mln to €2.7mln, respectively); this change had an impact on D&A estimates of the individual years and, consequently, on Net Income.

Net Income is seen up 30% 20-23E CAGR to €3.4mln

As a result of the D&A review, Net Income was revised upwards for 2021, to €3mln from €2.1mln, and downwards for 2022, to €3mln from €3.3mln, and for 2023, to €3.4mln from €4mln.

Table 3: TPS Profit & Loss evolution 2018-2023E, € mln

Profit & Loss (€/mln)	2018	2019	2020		2021E		2022E		2023E	
			Old	Actual	Old	New	Old	New	Old	New
Revenue	**22.5**	**34.9**	**29.3**	**30.0**	**35.3**	**35.0**	**38.5**	**37.8**	**41.9**	**41.1**
yoy		*55%*	*-16%*	*-14%*	*20%*	*16%*	*9%*	*8%*	*9%*	*9%*
Value of production	**24.1**	**36.8**	**30.9**	**31.0**	**36.7**	**36.4**	**39.9**	**39.2**	**43.3**	**42.5**
yoy	*26%*	*53%*	*-16%*	*-16%*	*19%*	*17%*	*9%*	*8%*	*9%*	*9%*
Cost of materials and purchased services	(6.6)	(8.8)	(7.2)	(6.7)	(8.6)	(8.5)	(9.3)	(9.3)	(10.1)	(10.0)
% on VoP	*27%*	*24%*	*23%*	*21%*	*23%*	*23%*	*23%*	*24%*	*23%*	*23%*
Added Value	**17.5**	**28.0**	**23.6**	**24.3**	**28.1**	**27.9**	**30.6**	**29.9**	**33.2**	**32.6**
% on VoP	*73%*	*76%*	*77%*	*79%*	*77%*	*77%*	*77%*	*76%*	*77%*	*77%*
Labour cost	(12.6)	(20.9)	(18.7)	(18.9)	(21.7)	(21.0)	(22.9)	(22.5)	(24.5)	(23.9)
% on VoP	*52%*	*57%*	*61%*	*61%*	*59%*	*58%*	*57%*	*57%*	*56%*	*56%*
Other Operating Expenses	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
% on VoP	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
COGS	(19.3)	(29.8)	(26.0)	(25.7)	(30.4)	(29.7)	(32.4)	(31.9)	(34.8)	(34.0)
% on VoP	*80%*	*81%*	*84%*	*83%*	*83%*	*82%*	*81%*	*81%*	*80%*	*80%*
EBITDA	**4.8**	**7.0**	**4.8**	**5.3**	**6.3**	**6.7**	**7.5**	**7.3**	**8.5**	**8.5**
EBITDA Margin on VoP	*20%*	*19%*	*16%*	*17%*	*17%*	*18%*	*19%*	*19%*	*20%*	*20%*
D&A	(1.2)	(3.0)	(2.5)	(2.8)	(3.0)	(2.3)	(2.6)	(2.8)	(2.6)	(3.5)
% on VoP	*5%*	*8%*	*8%*	*9%*	*8%*	*6%*	*7%*	*7%*	*6%*	*8%*
EBIT	**3.5**	**4.0**	**2.3**	**2.5**	**3.3**	**4.4**	**4.9**	**4.5**	**5.9**	**5.0**
EBIT Margin on VoP	*15%*	*11%*	*7%*	*8%*	*9%*	*12%*	*12%*	*11%*	*14%*	*12%*
Net financial income (expenses)	(0.2)	(0.3)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)
% on VoP	*1%*	*1%*	*1%*	*1%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net extraordinary income (expense)	0.1	(0.2)	(0.2)	(0.1)	(0.2)	(0.1)	(0.2)	(0.1)	(0.2)	(0.1)
% on VoP	*0%*	*1%*	*1%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
EBT	**3.4**	**3.4**	**1.9**	**2.2**	**3.0**	**4.2**	**4.7**	**4.3**	**5.7**	**4.9**
EBT Margin on VoP	*14%*	*9%*	*6%*	*7%*	*8%*	*12%*	*12%*	*11%*	*13%*	*11%*
Income Tax Expense	(1.0)	(1.1)	(0.6)	(0.6)	(0.9)	(1.3)	(1.4)	(1.3)	(1.7)	(1.5)
Tax rate	*29%*	*31%*	*30%*	*28%*	*30%*	*30%*	*30%*	*30%*	*30%*	*30%*
Net Income	**2.4**	**2.4**	**1.4**	**1.6**	**2.1**	**3.0**	**3.3**	**3.0**	**4.0**	**3.4**
% on VoP	*10%*	*6%*	*4%*	*5%*	*6%*	*8%*	*8%*	*8%*	*9%*	*8%*

Source: Banca Profilo elaborations and estimates on Company data

2021E-2023E Balance Sheet projections:
- *CapEx plan worth €7mln*
- *NOWC increasing by €4.2mln*

Regarding our 2021E-2023E Balance Sheet projections, we estimate:

- CapEx worth €7mln;
- no significant changes in fixed assets, as D&A expenses should more than offset new investments;
- €4.2mln increase in Net Operating Working Capital (+9% 20-23E CAGR), an increase exclusively attributable to the increase in turnover, with an incidence on VoP declining from 46% in 2020 to 43% in 2023.

Net cash at €13mln in 2023E

On a stand-alone basis, Net Cash is expected to improve further to reach some €13mln in 2023 (vs previous €16.5mln). No dividend distribution is included in in our estimates.

Table 4: TPS Balance Sheet evolution 2018-2023E, € mln

Balance Sheet (€/mln)										
	2018	2019	2020		2021E		2022E		2023E	
			Est	Actual	Old	New	Old	New	Old	New
Intangible Assets	4.2	5.5	4.4	4.3	4.5	4.7	5.1	5.2	5.7	5.3
Property, Plant & Equipment	0.9	3.5	3.2	3.3	2.2	2.4	1.3	1.5	0.6	0.6
Financial Assets	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Fixed Assets	**5.2**	**9.2**	**7.7**	**7.7**	**7.0**	**7.3**	**6.6**	**7.0**	**6.4**	**6.2**
Trade Receivable	11.7	16.1	16.4	16.3	18.2	18.5	19.9	19.8	21.3	21.3
Inventories	-	-	-	-	-	-	-	-	-	-
Trade Payable	(1.9)	(2.8)	(2.3)	(2.1)	(2.6)	(2.6)	(2.8)	(2.7)	(3.0)	(2.9)
Net Operating Working Capital	**9.8**	**13.3**	**14.0**	**14.2**	**15.6**	**16.0**	**17.1**	**17.1**	**18.3**	**18.4**
% on VoP	*41%*	*36%*	*45%*	*46%*	*42%*	*44%*	*43%*	*44%*	*42%*	*43%*
Trade receivables (% on VoP)	*48%*	*44%*	*53%*	*53%*	*50%*	*51%*	*50%*	*51%*	*49%*	*50%*
Inventories (% on VoP)	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Trade payables (% on services & materials)	*28%*	*31%*	*32%*	*31%*	*30%*	*30%*	*29%*	*29%*	*29%*	*29%*
Other Assets	2.2	1.9	2.2	1.7	2.7	1.9	2.9	2.1	3.1	2.3
Other Liabilities	(4.0)	(4.3)	(5.1)	(3.9)	(6.1)	(4.0)	(6.6)	(4.4)	(7.2)	(4.7)
Funds	(2.9)	(3.7)	(4.0)	(4.0)	(4.4)	(4.3)	(4.9)	(4.6)	(5.3)	(5.0)
Invested Capital	**10.4**	**16.5**	**14.9**	**15.8**	**14.7**	**16.9**	**15.1**	**17.2**	**15.4**	**17.2**
Capex	**3.4**	**3.7**	**1.1**	**1.2**	**2.2**	**1.7**	**2.2**	**2.5**	**2.4**	**2.7**
Intangible	3.2	3.5	0.3	0.3	2.1	1.6	2.1	2.3	2.3	2.5
Tangible	0.2	0.2	0.8	0.9	0.1	0.1	0.1	0.2	0.2	0.2
% on VoP	*14%*	*10%*	*4%*	*4%*	*6%*	*5%*	*6%*	*6%*	*6%*	*6%*
Shareholders' equity	14.7	16.7	18.4	19.0	20.4	20.5	23.7	23.4	27.6	26.4
Group Net Income	2.3	2.3	1.3	1.5	2.1	2.9	3.2	3.0	4.0	3.3
Shareholders' equity attributable to third parties	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.4
Minority/Non Controlling Interest	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Consolidated Shareholders' Equity	**17.4**	**19.3**	**20.0**	**20.8**	**22.8**	**23.8**	**27.2**	**26.8**	**31.9**	**30.2**
Financial Debt	2.5	2.3	1.7	1.6	1.7	1.6	1.7	1.6	1.7	1.6
Cash and cash equivalents	(9.9)	(8.3)	(10.0)	(9.5)	(13.0)	(11.3)	(17.0)	(14.1)	(21.4)	(17.5)
Leasing debt	0.4	0.4	0.4	0.3	0.4	0.3	0.4	0.3	0.4	0.3
Payables for rights of use	-	2.7	2.8	2.5	2.8	2.5	2.8	2.5	2.8	2.5
Other financial receivables	(0.0)	-	-	-	-	-	-	-	-	-
Net Financial Position (Cash)	**(7.0)**	**(2.9)**	**(5.1)**	**(5.1)**	**(8.1)**	**(6.9)**	**(12.1)**	**(9.6)**	**(16.5)**	**(13.0)**

Source: Banca Profilo elaborations and estimates on Company data

Free Cash Flow: €8.2mln in three years

According to our Profit & Loss and Balance Sheet estimates, the Group will keep being cash generative in 2021E-2023E. We estimate €8.2mln of aggregated Free Cash Flows, in line with our previous estimates.

Table 5: TPS Free Cash Flow evolution 2018-2023E

Cash Flow (€/mln)	2018	2019	2020		2021E		2022E		2023E	
			Est	Actual	Old	New	Old	New	Old	New
EBIT	3.5	4.0	2.3	2.5	3.3	4.4	4.9	4.5	5.9	5.0
Tax rate	29%	31%	30%	28%	30%	30%	30%	30%	30%	30%
NOPAT	**2.5**	**2.7**	**1.6**	**1.8**	**2.3**	**3.1**	**3.4**	**3.1**	**4.2**	**3.5**
D&A	1.2	3.0	2.5	2.8	3.0	2.3	2.6	2.8	2.6	3.5
Changes in Funds	0.1	0.1	0.4	0.3	0.4	0.3	0.4	0.3	0.4	0.4
Changes in Operating NWC	2.7	(2.6)	(0.7)	(0.9)	(1.5)	(1.8)	(1.5)	(1.1)	(1.2)	(1.3)
Capex	(3.4)	(3.7)	(1.1)	(1.2)	(2.2)	(1.7)	(2.2)	(2.5)	(2.4)	(2.7)
Free Cash Flow	**3.2**	**(0.4)**	**2.6**	**2.8**	**1.9**	**2.2**	**2.7**	**2.6**	**3.5**	**3.4**

Source: Banca Profilo elaborations and estimates on Company data

Key risks

Estimates execution risks

The main risks related to the TPS business are: i) the Group customer concentrations, ii) the potential demand contraction and the worsening of macro-economic scenario, iii) the risk of losing qualified personnel, iv) potential problems of product liability, v) potential changes in the regulatory framework, vi) potential non-renewal of authorizations and certifications, and vii) the risk associated with the success of M&A operations.
Among these, we believe the risks with higher probability and significant potential impact on the business are only: i) the risk associated with customer concentration and the relative dependence of revenues on a few important customers, and ii) the risk of contraction of demand or of economic downturns. Regarding the other risks, or for their low likelihood of occurrence, or for their low potential impact on the business, we do not believe they could significantly affect our projections, unless exceptional events occur.

The risk associated with customer concentration:
- low probability
- very high impact

The Group's business is typically characterized by long-term relationships with the main national players which represent a significant portion of the reference market and of the Group's revenues. TPS is therefore potentially exposed to the risk of default, termination and non-renewal of existing contractual relationships with these customers. This risk is endogenous to the sectors in which TPS operates and is partially counterbalanced by the reliability of customers, consisting of primary industrial realities, and by the type of agreements signed, long-term contracts that guarantee a discreet flexibility of action and high solvency standards. We evaluate this risk with a low level of probability, but with a very high potential impact on the business.

The risk related to the contraction of demand:
- medium probability
- medium impact

The business of TPS, like any other company, is exposed to the potential risk of contractions in demand deriving from a reduction in the activity of the main customers or from potential exogenous events that could negatively impact the business. This risk is partially offset by the defensive nature of TPS' business, derived from the partial visibility of revenues, the defensive endogenous character of the A&D industry and the high entry barriers in the sectors of activity. However, TPS is also exposed to some more cyclical sectors, like the Automotive, where the Company has recorded an estimated 20% yoy contraction in revenue in FY20. Therefore, we evaluate this risk with a medium probability and with a medium potential impact on the business.

The risk of losing qualified personnel:
- low probability
- medium-low impact

The sector in which the Group operates is characterized by the need for companies to have a highly specialized staff with high technical skills. If a significant number of specialized professionals should leave TPS, in case of difficulty to find equally qualified substitutes, the innovation capacity and growth prospects of the Group could be affected. In this context, TPS has historically been able to maintain a particularly limited turnover level. We evaluate this risk with a low probability and with a medium-low potential impact on the business.

The risk related to product liability:
- low probability
- medium impact

TPS is active in the field of design and construction of aerospace and automotive components and there is a risk of any design or production defects of the products. This eventuality would expose the Group to potential legal actions by third parties who were able to demonstrate the causal link between the damage suffered and the activity of the Group. For this reason, TPS has taken out insurance policies to protect itself against this risk. We evaluate this risk with a low level of probability and with a medium potential impact on the business.

The risk related to the regulatory framework:
- medium-low probability
- low impact

TPS operates in sectors with a high level of legislation and regulations, both national and European. The possible introduction in the sector of a more restrictive regulatory framework and the consequent need to sustain unexpected costs of adaptation to the new regulations could have negative effects on the Group's economic situation. We evaluate this risk with a medium-low level of probability and with a low potential impact on the business.

The risk associated with the non-renewal of authorizations and certifications:
- low probability
- medium-low impact

TPS is required to obtain and maintain specific authorizations and administrative certifications in relation to the design and construction of certain products and to the supply of certain services. These authorizations and certifications can be suspended, revoked or not renewed by the competent authorities for different reasons, including compliance with the requirements imposed by the applicable legislation. We evaluate this risk with a low probability but with a medium-low potential impact on the business.

The risk associated with the success of M&A operations:
- medium-low probability
- medium impact

One of the pillars of TPS' growth is represented by acquisitions. The difficulties potentially connected to these operations, such as delays in their completion as well as any difficulties encountered in the integration processes, like unexpected costs and liabilities, could have the effect of a potential slowdown of the Group's growth process. We evaluate this risk with a medium potential impact on the business but with a medium-low probability as TPS has a consolidated track-record in this type of operations.

Table 6: Risk matrix

Impact	Very high	Risk associated with customer concentration				
	High					
	Medium	Risk related to product liability	Risk associated with M&A operations	Risk of contraction of demand or of economic downturns		
	Medium-Low	Risk of losing qualified personnel; Potential non-renewal of certifications				
	Low		Risk related to the regulatory framework			
Potential impact on the business VS likelihood of occurrence		Low	Medium-Low	Medium	High	Very high
		Likelihood				

Source: Banca Profilo elaborations and estimates on Company data

ESG

FY20 Sustainability Report

ESG and the Sustainability of Competitive Advantage

Every active investor seeking value should be aware of how companies deal with environment, social and governance issues, since are factors which can improve or erode security value. In a world where companies are increasingly confronted with environmental issues, such as climate change and pollution, as well as social factors such as diversity and inclusion, gender balance and product safety, attention to ESG issues is increasingly becoming a competitive advantage.

The first Sustainability Report

With extreme foresight, TPS has published its first Sustainability Report, which represents an important step in involving stakeholders more and transparently communicating the Company's environmental, social and governance commitments. The Sustainability Report, which relates to the FY20 period, is certified by the auditing company Audirevi and has been drawn up in accordance to the guidelines defined by the IIRC (International Integrated Reporting Council) and to a series of principles provided for by GRI Sustainability Reporting Standards.

Sustainability for TPS

SDGs vs 2021 corporate goals

Beyond sustainability objectives TPS has set itself, the Company, thanks to its technical engineering services for various industrial sectors, contributes to the general efficiency for the industry; in fact, among its main activities, TPS is engaged in the design of innovative systems, such as full-electric propulsion systems or technologies systems for agricultural vehicles, contributing to significant technological advancement, more efficient, also in terms of consumption, compared to traditional technologies.

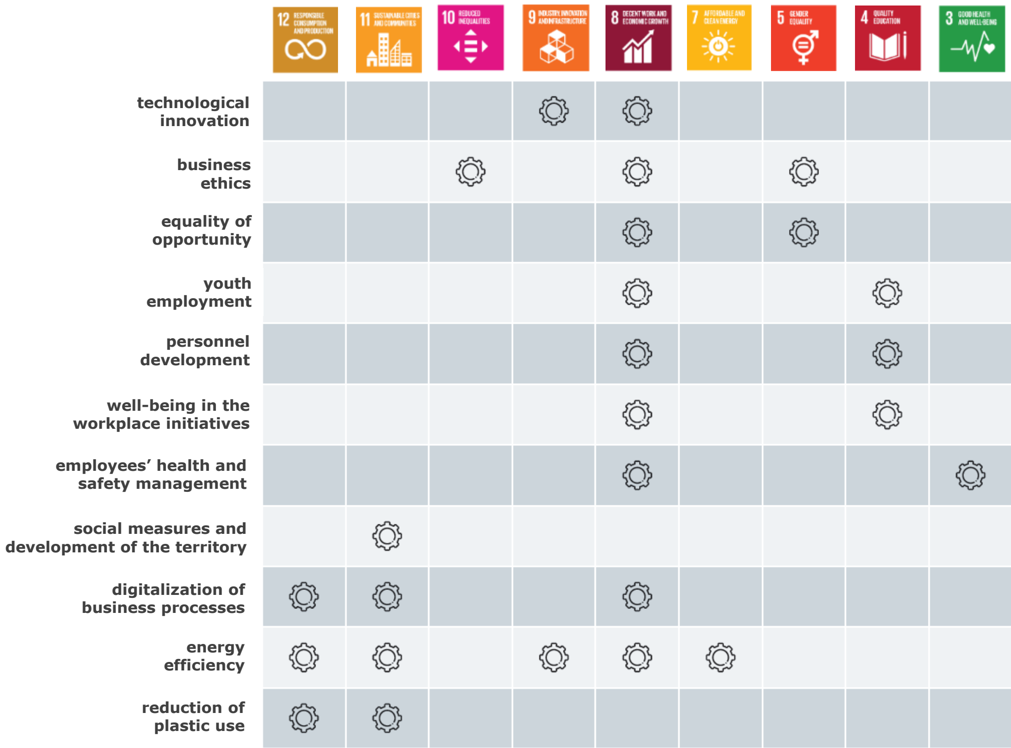
In addition to the positive externalities automatically generated with its core activities, in line with the 2030 Agenda for Sustainable Development, TPS has defined a series of corporate programs and objectives related to the 17 SDGs. The SDGs most represented in those objectives are:

1. GOAL 8: Decent Work and Economic Growth (mainly through support for youth employment, support for the development and training of its employees and the application of the principles of equal opportunities and gender equality, among others)
2. GOAL 11: Sustainable Cities and Communities (mainly through social projects for the territory, the commitment to achieve greater energy efficiency, and waste reduction projects);
3. GOAL 4: Quality Education (mainly through training programs for employees and support for youth development, with the under 30s representing 21% of the workforce in 2020 and 53% of new hires),
4. GOAL 12: Responsible Consumption and Production and
5. GOAL 9: Industry, Innovation and Infrastructure.

Materiality Assessment

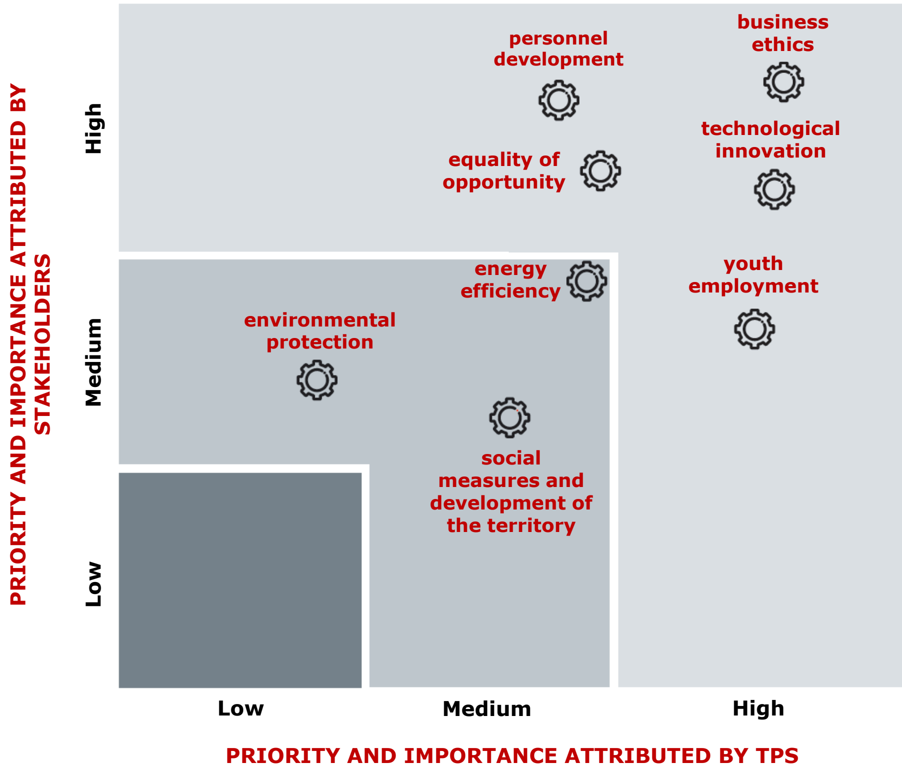
The Company has also carried out a Materiality Assessment to identify priority sustainability disclosure items. The different material items have been defined taking into account the business perimeter of the Company and the sector in which it operates. For TPS, the ethical management of the business, the development of people, and the social initiatives also connected to the development of the territory are in the spotlight.

Figure 4: SDGs vs 2021 corporate goals



Source: Banca Profilo elaborations on Company data

Figure 5: Materiality Assessment



Source: Banca Profilo elaborations on Company data

Valuation: increase in Target Price and BUY confirmed

Valuation methods used and final output

DCF method and market multiple

Given TPS cash generating business model, a two-stage DCF model well adapts as a valuation approach. Furthermore, we have carried out a relative valuation on market multiples of highly specialized engineering services companies mainly active in the Avionics and Automotive industries. Our 12-month Target Price is the simple average of the two results.

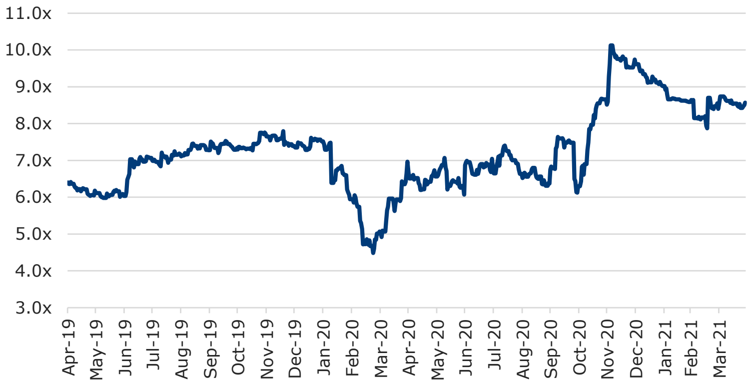
Fair value unchanged at €8.0

We made no material changes to our previous (September, 29th 2020) DCF inputs. Expected cumulative cash flows in the 2021-2023 explicit period remained at €8.2mln, as well as the cash flow for the terminal value, at €2.8mln, and the WACC, at 6.8%.
As a result of stable DCF inputs, we confirm a fair value of €8.0.

Relative market multiples valuation up to €7.6 from €6.1 due to rerating of multiples

As regards to the relative valuation, we have seen a significant rerating of the average EV/EBITDA 2021-2022, which went from 5.8x at the end of September 2020 to 7.3x (+26%). From this, we derived an average Equity Value of €55.0mln, equivalent to a per share value of €7.6, up from €6.1 (+25%) at the time of our latest Company Update.

Figure 6: Current FY comparables' EV/EBITDA over the last 2 years

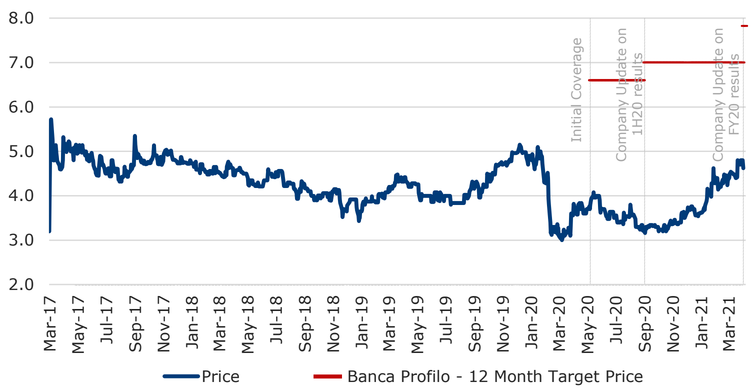


Source: Banca Profilo elaborations on FactSet data, as of April 28th

Target Price revised upwards to €7.8 from €7.0; BUY confirmed

We set TPS 12-month Target Price at €7.8 (from our previous €7.0), an upside entirely attributable to multiples rerating.
We confirm our BUY recommendation.

Figure 7: Banca Profilo's Target Prices since TPS IPO



Source: Banca Profilo elaborations on FactSet data, as of April 28th

DCF Valuation

DCF assumptions: €2.7mln 2021E-2023E yearly FCF on average (in line with our previous estimates)

To run a DCF model, we used our projections of unlevered FCFs for the 2021E-2023E explicit period equal to a cumulated value of €8.2mln (in line with our previous estimates), already including cumulated capex of €7mln (vs our previous estimate of €mln) and cumulated NOWC needs of €4.2mln (vs our previous estimate of €4.3mln). Lastly, we have considered the net cash position as of the end of December 2020 (€5.1mln).

In order to assess the Terminal Value, we factored in:

- an average yearly unlevered FCF of €2.7mln, in line with our previous estimates;
- 2% perpetual growth rate.

Table 7: Unlevered FCFs

Cash flow (€/mln)	2018	2019	2020E	2021E	2022E	2023E	Over
EBIT	3.5	4.0	2.5	4.4	4.5	5.0	
Tax Rate	29%	31%	28%	30%	30%	30%	
NOPAT	**2.5**	**2.7**	**1.8**	**3.1**	**3.1**	**3.5**	
D&A	1.2	3.0	2.8	2.3	2.8	3.5	
Changes in Funds	0.1	0.1	0.3	0.3	0.3	0.4	
Changes in Operating NWC	2.7	(2.6)	(0.9)	(1.8)	(1.1)	(1.3)	
Capex	(3.4)	(3.7)	(1.2)	(1.7)	(2.5)	(2.7)	
Free Cash Flow (FCF)	**3.2**	**(0.4)**	**2.8**	**2.2**	**2.6**	**3.4**	**2.8**

Source: Banca Profilo estimates and elaborations

DCF assumptions: WACC at 6.8%

We use a WACC of 6.8% (in line with our previous estimates) derived from:

- risk free rate equal to 3.0%, as implicitly expected by consensus on the 30Y Italian BTP yield curve (moving average of the last 100 days) with an estimated increase in interest rates (in line with our previous estimates);
- market risk premium equal to 5.5% (in line with our previous estimates);
- beta of 0.9, coming from the average of chosen listed peers to TPS (in line with our previous estimates);
- target debt to equity structure, with 80% weight of Equity (in line with our previous estimates).

Table 8: WACC calculation

WACC Calculation	
Perpetual growth rate	2.0%
WACC	**6.8%**
Risk free rate (Italy 30 + Projected increase)	3.0%
Equity Risk Premium	5.5%
Beta	0.90
Cost of Equity	8.0%
After tax cost of Debt	2.0%
Tax rate	28.5%

Source: Banca Profilo estimates and elaborations

Unchanged DCF Fair Value: €8.0/share

The DCF method leads us to an Enterprise Value of €53.4mln and an Equity Value of €58.4mln (vs our previous estimates of €53.0mln and €57.5mln, respectively) equal to a per share value of €8.0.

Table 9: DCF valuation

DCF Valuation (€ mln, except for the target price)	2020	2021E	2022E	2023E	Over
Free Cash Flow (FCF)	**2.8**	**2.2**	**2.6**	**3.4**	**2.8**
Years		1	2	3	
Discount factor		0.94	0.88	0.81	
NPV Cash flows		2.0	2.3	2.8	
Sum of NPVs		2.0	4.3	7.1	
Terminal Value					57.1
NPV Terminal Value					46.3
Enterprise Value					53.4
Net Financial Position (cash) FY2020					(5.1)
Minorities FY2020					(0.0)
Equity Value					58.4
Current outstanding shares					7.3
Target Price (€)					**8.0**

Source: Banca Profilo estimates and elaborations

Relative market multiples valuation

TPS selected competitors

In order to assess a relative valuation of TPS through the market multiples approach, we selected a sample of listed European companies, "comparables" to TPS, which offer highly specialized engineering services, mainly to the Avionics and Automotive industries: Alten, Sogeclair, Akka Technologies, Bertrandt, EDAG Engineering Group, Meggitt, FIGEAC-Aero and TXT e-solutions.

Table 10: Sample benchmarking on sales growth and EBITDA margin

Company	Currency	Market Cap (Mln)	EV	Sales growth					EBITDA margin				
		28/04/2021		2019	2020E	2021E	2022E	2023E	2019	2020E	2021E	2022E	2023E
Alten SA	FR	3,690	3,792	16%	-11%	13%	6%	7%	12%	9%	10%	11%	11%
Sogeclair	FR	60	75	16%	-33%	0%	9%	N.A.	9%	7%	9%	11%	N.A.
Akka Technologies	FR	752	979	20%	-17%	5%	6%	5%	10%	4%	8%	10%	12%
Bertrandt AG	DE	466	667	2%	-19%	10%	16%	-3%	8%	7%	9%	10%	12%
EDAG Engineering Group AG	CH	205	311	-1%	-17%	5%	6%	2%	8%	10%	8%	10%	11%
Meggitt PLC	GB	3,681	4,454	9%	-26%	-1%	11%	8%	22%	16%	20%	22%	23%
FIGEAC-AERO	FR	173	472	4%	-52%	27%	23%	13%	24%	2%	11%	13%	14%
TXT e-solutions SpA	IT	99	77	48%	16%	24%	7%	9%	13%	12%	12%	13%	13%
Mean				**14%**	**-20%**	**10%**	**10%**	**6%**	**13%**	**8%**	**11%**	**13%**	**14%**
Median				**13%**	**-18%**	**8%**	**8%**	**7%**	**11%**	**8%**	**9%**	**11%**	**12%**
TPS	**EUR**	**33.5**	**28.5**	**53%**	**-16%**	**17%**	**8%**	**9%**	**19%**	**17%**	**18%**	**19%**	**20%**

Source: Banca Profilo elaborations on FactSet data, as of April 28th

Equity markets rally has led to a rerating of market multiples

Per share value up from €6.1 to €7.6

Since our last Company Update (September 29th, 2020), the rally in the equity markets has led to a significant rerating of market multiples, of 2021 multiple particularly. The 2021-2022 median EV/EBITDA of comparables has appreciated by the 26%, going from 5.8x at the end of September to the current 7.3x; applying the multiple to our new EBITDA estimates, which have not undergone substantial changes, we obtain an average Equity Value of €55.5mln and a per share value of €7.6, up 25% from the implicit price of €6.1 at the time of our last Company Update.

Table 11: EV/EBITDA market multiple

Company	EV / EBITDA			EV / Sales			P / E		
28/04/2021	**2021E**	**2022E**	**2023E**	**2021E**	**2022E**	**2023E**	**2021E**	**2022E**	**2023E**
Alten SA	14.5x	12.1x	11.1x	1.4x	1.4x	1.3x	26.2x	20.5x	17.3x
Sogeclair	6.8x	5.2x	N.A.	0.6x	0.6x	N.A.	22.8x	10.9x	N.A.
Akka Technologies	8.2x	5.7x	4.5x	0.6x	0.6x	0.6x	N.A.	12.7x	9.7x
Bertrandt AG	8.2x	6.1x	5.3x	0.7x	0.6x	0.6x	19.1x	12.4x	11.1x
EDAG Engineering Group AG	5.4x	4.2x	3.8x	0.5x	0.4x	0.4x	19.8x	9.4x	7.7x
Meggitt PLC	13.1x	10.8x	9.7x	2.7x	2.4x	2.2x	23.1x	17.4x	14.7x
FIGEAC-AERO	15.8x	10.7x	9.0x	1.7x	1.4x	1.3x	N.A.	264.4x	21.6x
TXT e-solutions SpA	7.3x	6.5x	5.9x	0.9x	0.8x	0.8x	16.5x	14.4x	13.4x
Mean	**9.9x**	**7.7x**	**7.0x**	**1.1x**	**1.0x**	**1.0x**	**21.2x**	**45.2x**	**13.6x**
Median	**8.2x**	**6.3x**	**5.9x**	**0.8x**	**0.7x**	**0.8x**	**21.3x**	**13.5x**	**13.4x**
TPS	**4.3x**	**3.9x**	**3.3x**	**0.8x**	**0.7x**	**0.7x**	**10.4x**	**10.2x**	**9.1x**

Valuation on EV/EBITDA market multiple (€ mln, except for the target price)			
	2021E		**2022E**
Median EV/EBITDA best peers	8.2x		6.3x
Average EV/EBITDA 2022-2023		**7.3x**	
EBITDA	6.7		7.3
Enteprise Value	54.8		46.1
Net Financial Position (cash) FY2020		(5.1)	
Current Minorities	0.0		0.0
Equity Value	59.8		51.2
Average Equity Value		55.5	
Current outstanding shares		7.3	
Price per share (€)		**7.6**	

Source: Banca Profilo elaborations on FactSet data, as of April 28th

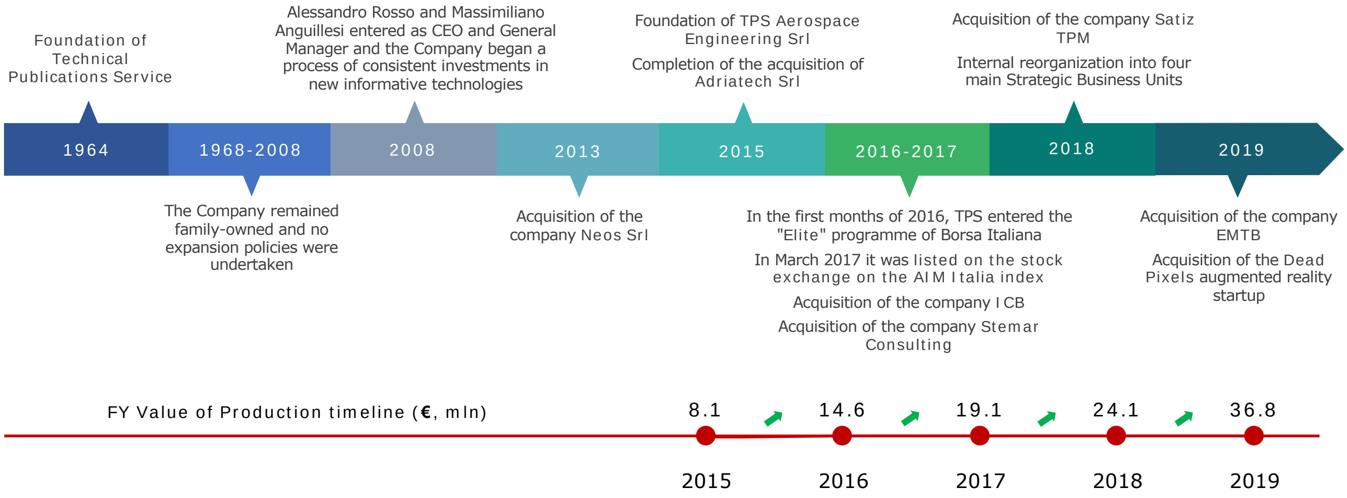
APPENDIX

The history of the Group, its growth, and the new organizational structure

TPS, a history rich in acquisitions

The TPS Group was established in 1964 as one of the first Italian companies offering an external analysis and drafting service of technical and manual documentation for the aeronautical industry. Until the 1990s, the Company remained family-owned and no expansion policies were undertaken until the 2000s. After its corporate governance reorganization that saw Mr. Alessandro Rosso and Mr. Massimiliano Anguillesi entering as CEO and General Manager respectively, the Company began a process of business diversification and expansion, also driven by a path of successful acquisitions. After having obtained the Elite certification by Borsa Italiana in 2016, TPS Group went public on AIM Italia in March 2017. Since then, the Group has continued its growth path, both organic and through acquisitions bringing its Value of Production from €14.6mln in 2016 to €36.8mln in 2019, +36% CAGR.

Figure 8: TPS' main milestones



Source: Banca Profilo elaborations on Company data

TPS Group stands out in the field of technical and engineering services for the A&D and Automotive industries

With more than 50 years of experience, TPS Group stands among the most important companies in the field of technical and engineering services for the Aerospace & Defense (~55% of revenues) and Automotive industries (~35% of revenues): on a residual basis, the Group is also active in the railway, agriculture & special vehicles, ropeway and oil& gas sectors. TPS capabilities range from technical manuals to augmented reality and from the design of avionics software to the production of components and multimedia training platforms, among others.

The Group operates through four strategic business units

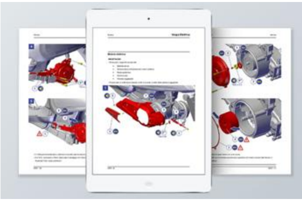
The Group's business model comprises four Strategic Business Units (SBU), defined in 2018 in order to both allow the best integration of the newly acquired Satiz TPM and to optimize the internal organizational processes.

1. Technical Publishing & Training SBU (~36% of total FY19 revenue), which contains the Technical Publishing activity and the Training activity. The technical publications are a series of documentation such as use manuals, flight manuals, maintenance manuals and spare parts catalogs, relating to complex vehicles, such as an aircraft. The technical publication services are operated for leading companies operating in the avionics and Automotive sector, such as Leonardo, in the context of long-term framework agreements. The second activity contained in this business unit is that of training of maintenance technicians for the avionics segment: TPS has trained, in 6 years of activity, more than a thousand technicians with LMA license.

2. Engineering & Cost Engineering (~36% of FY19 revenue), which includes the component design and production activity, the cost engineering activity and the aeronautical certifications. The engineering design and production activity includes the manufacturing of industrial components for the Aeronautic, Automotive, Oil & gas and Railway sectors. The cost-engineering activity concerns the analysis of an existing component with the aim to rethink and redesign it in a way that it can increase the quality to cost ratio.
3. Avionic Services & Information Technologies (~9.5% of FY19 revenue), which includes the development of proprietary software in the avionics field and the verification of the correct functioning of existing ones (such as the automatic flight control vibration monitoring or communication systems).
4. Digital Content Management (~18.5 of FY19 revenue), which includes information and images management on behalf of customers for technical or commercial purposes (user's manual set up or various marketing materials).

Figure 9: Examples of TPS' products and services

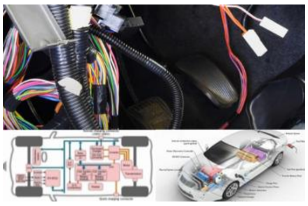
1° SBU
Technical Publishing & Training



TPS produces technical manuals for complex machines, such as Leonardo aircraft or Iveco trucks. The technical publications are divided into descriptive manuals, maintenance manuals and manuals related to the supply of spare parts.

Through Aviotrace Swiss SA, an EASA Part 147 (AMTO) certified Swiss training organization, TPS trains and certifies aeronautical maintenance technicians.

2° SBU
Engineering & Cost Engineering



TPS designs and produces industrial components for the Aeronautic, Automotive, Oil & Gas and Railway sectors.

Through cost-engineering activities, TPS is able to analyze an already existing component in order to rework and redesign it in a way that is cheaper or of higher quality.

3° SBU
Avionic Services & Information Technologies

TPS develops proprietary software in the avionics field and verifies the correct functioning of existing ones.

TPS tests software installed within the on-board systems of both civil and military aircraft.

4° SBU
Digital Content Management

TPS manages information and images on behalf of customers not only for technical purposes, but also for commercial projects, such as the preparation of marketing material.

After the acquisition of Dead Pixels, TPS saw a strong push in the direction of augmented reality and virtual reality.

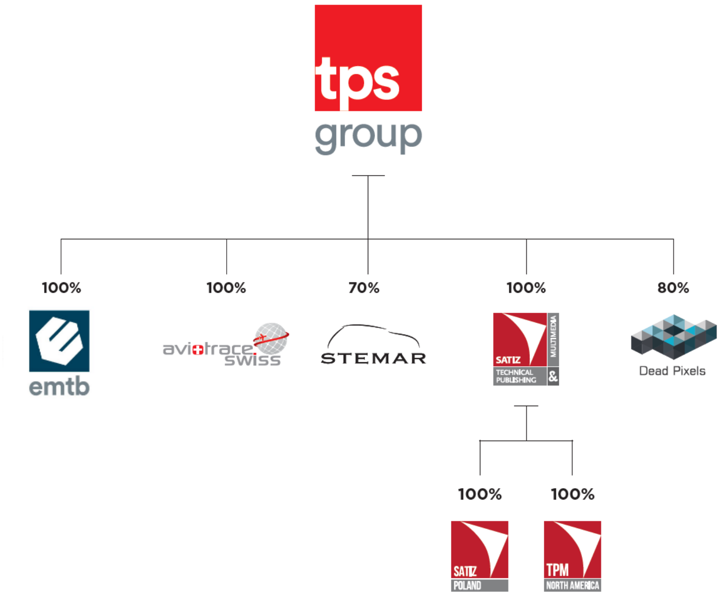
Source: Banca Profilo elaborations on Company data

The corporate structure

The process of merger by incorporation continues

The group structure is led by TPS SpA acting as the operating holding directly controlling five subsidiaries, two of which were acquired in 2019, EMTB and Dead Pixels. On January 25, 2021, the process of merger by incorporation into the parent company TPS S.p.A. of the companies Neos Srl, Adriatech Srl and TPS Aerospace Engineering Srl was completed. Below we report the new corporate structure of TPS.

Figure 10: TPS' corporate structure



Source: Banca Profilo elaborations on Company data

TPS SpA specializes in the creation of technical documentation and in the definition and the management of helicopters maintenance lifecycle (ILS, Integrated Logistic Support) in order to identify the most suitable and effective maintenance procedure during the life of the vehicle. The Company is also specialized in the development and the testing of aircraft software and in the design of aeronautical medical systems.

Aviotrace Swiss is a Maintenance Training Organisation (MTO) EASA part 147 for the training and certification of aeronautical maintenance technicians. The company offers tailor made training services, with both classical teaching method in the classroom and innovative methods such as training with multimedia and virtual systems. The company is wholly owned by Neos Srl.

Stemar Consulting Srl, acquired in 2017, specializes in the supply of Cost Engineering services and in Benchmarking in both the Automotive and aeronautical sectors. The company has a long experience in mould construction and in 2D-3D design with innovative CAD-CAM softwares. The company is 70% controlled by TPS SpA.

Satiz Technical Publishing & Multimedia Srl, acquired in 2018, produces technical documentation, planning and communication services for companies operating in the Automotive, railway, naval and defense sectors. Within the Automotive sector, the company is also active in the design of mechanical, electrical components, and both external and internal vehicles' parts, with a specialization within the full-electric propulsion. The company is the most diversified among the group's subsidiaries, being active in all four strategic business units. In 2017, the production value of the Stpm group stood at €15.6mln, with an EBITDA of about €1.5mln (EBITDA margin close to 10%). The company is wholly owned by TPS SpA and controls, in turn: i) Satiz Poland, a company active in the digital content management services mainly for the Automotive sector in Poland and ii) TPM North America, a non-operating company based in Lansing, Michigan.

EMTB, Engineering Machinery Tooling Bolzano Srl, acquired in 2019, is an engineering company which designs and prototypes defense vehicles, transportation vehicles (e.g., trucks), agricultural machinery and other specialty vehicles (e.g., mining equipment, cableways). EMTB has a long-lasting experience in engineering innovation, as demonstrated by a recently patented concept of gearbox for agricultural machines. The company is wholly owned by TPS SpA.

Dead Pixels Srl, acquired in 2019, is an innovative start-up specialized in the creation of augmented reality and virtual reality platforms. The portfolio of Dead Pixels today includes projects developed in the following areas: i) Industry 4.0, with VR/AR experiences to enable safe training and remote maintenance, ii) Marketing applications, with immersive VR/AR tours enabling users to explore the environment that surrounds them and to interact with it, and iii) Systems architecture, with 3D models of objects and 3D navigable applications. The company is 80% controlled by TPS SpA.

TPS competitive advantages: highly specialized personnel and persisting investments in R&D

Among the main elements of success and competitive advantages of TPS, the Company can boast a highly specialized staff, as well as the use of cutting-edge systems internally developed by its R&D department.

Among the most recent innovative projects, TPS:

- developed an STC, aeronautical patent, for a multi-platform medical system, not yet marketed, but which has already made it possible to sell 10 single-platform systems;
- developed an augmented reality software for the FCA Group. Through a viewer, customers can customize the car's interiors and live the vehicle security systems. This software was expected to be presented at the Geneva Motor Show 2020.

Main end-market is Italy

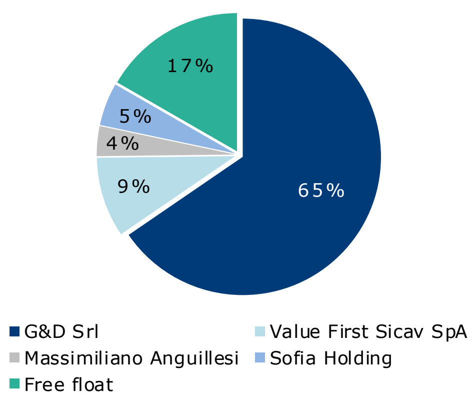
From a geographical point of view, TPS Group operates mainly in Italy, where it generates around 90% of its revenues. Abroad it is present in Switzerland, Poland and in the United States.

The ownership structure and management

65% of TPS is controlled by G&D srl

TPS is controlled by G&D srl, an holding company wholly owned by Patrizia Ghione; 9% is held by Value First Sicaf, an Italian investment company; 5% is held by Sofia Holding, a financial services company; 4% is held by Ing. Massimiliano Anguillesi, member of the Board of Directors. The Free Float stands at 17%.

Figure 11: Ownership structure



Source: Banca Profilo elaborations on Company data, Borsa Italiana

TPS corporate governance

TPS Board of Directors includes seven members, whereas the Board of Statutory Auditors is made up of five members, who will remain in office until the approval of the 2022 financial statements. Since our previous Company Update, there has been a change within the Board of Directors. After the resignation of Andrea Faraggiana, Managing Partner at Smart Capital, the Board of TPS appointed by co-optation Di Meo Stefano who will remain in charge until the next Shareholders' Meeting.

Figure 12: Composition of the Board of Directors

Board of Directors	Position	Executive	Independent	Minority	Birth year	Gender	Nationality
Alessandro Rosso	Chairman and CEO	x			1964	M	Italian
Massimiliano Anguillesi	General Manager	x			1971	M	Italian
Alessandro Scantamburlo	Director				1963	M	Italian
Giovanni Mandozzi	Director				1952	M	Italian
Stefano Di Meo	Director				n.a.	M	Italian
Raffaella Pallavicini	Director		x		1969	F	Italian
Stefano Pedrini	Director		x		1983	M	Italian
Other important roles	Position				Birth year	Gender	Nationality
Rossella Sanna	Investor Relator					F	Italian

Source: Banca Profilo elaborations on Company data

TPS Board of Directors: long experience and sound track record

TPS Group is managed by people who have gained significant experience in the industries and in the geographical areas in which the Group operates. The Board of Directors is composed as follows.

Alessandro Rosso: President and CEO. Graduated in Electronic Engineering from the Polytechnic of Turin, he subsequently obtained a master's in business administration from New York University. He started his experience in the sector of technical services and industrial production at ILTE SpA, becoming first general manager and then chief executive officer. He has also developed experiences in the field of renewable energy, in the technical industrial field, and in automotive engineering.

Massimiliano Anguillesi: Director. After graduating in Aerospace Engineering at the University of Pisa, he started working in the logistics. In 2007, he co-founded a start-up specialized in the project management of RAMS (Reliability Availability Maintainability Safety) and LSA (Logistic Support Analysis). He participated to some relevant international projects in the aeronautical field, including the construction of the Eurofighter and NH90 aircrafts.

Giovanni Mandozzi: Director. After obtaining his diploma as an industrial expert with a specialization in telecommunications, in 1973 he started his career at the Breda Nardi Costruzioni Aeronautiche as designer and planner until 1982, the year in which he attended a specialization course for helicopter instructors. He then started to work for Augusta SpA, where, in 1986, he became head of the NH500-AMI program. Since 1997 he had held the position of technical and administrative director of the S.T.F. Srl, a company he co-founded. Since 2015 he has been the technical and administrative director of Adriatech Srl, a TPS Group company, in which he also holds the position of vice-chairman of the Board of Directors.

Alessandro Scantamburlo: Director. After graduating with honors in Industrial Design at the Faculty of Architecture of the Polytechnic of Turin, in 1988 he started his activity at Telemecanique SpA as technical editor. From 1989 to 1997 he worked firs as an after sales manager and then as head of the pre-press production center at ILTE SpA. Since 1998 he had worked at Fiat SpA, before returning to ILTE SpA in 2002, first as pre-press manager and after-sales director and subsequently as chief operating officer of the human resource sector. Since 2010 he has actively collaborated with the TPS Group.

Stefano Di Meo: Director. Chief Financial Officer at First Capital, with previous experience in Private Equity (Abacus Invest, Absolute Ventures), Corporate Finance and M&A (Pigreco), and Finance & Accounting (Abitare In). He graduated in Accounting, Financial Management and Control at the Bocconi University.

Raffaella Pallavicini: Independent Director. After graduating with honors in Law from the University of Rome "La Sapienza", she began practicing the profession of lawyer at the Court of Milan. In 2000 he joined L'Espresso Publishing Group, initially as head of litigation and, since 2010, as head of corporate affairs.

Stefano Pedrini: Independent Director. After a master's degree in Engineering Management at the University of Bergamo and a Ph.D. in Economics and Management of Technology at an Italian University Consortium, he began his academic career in 2006, first at the University of Bergamo and then at the Milan Polytechnic and the Turin Polytechnic. At the same time, starting from 2008, it provides consultancy services in various areas including M&A operations, creation of industrial plans and budgeting.

Board of Statutory Auditors

The Board of Statutory Auditors is composed by five members: the President, Luigi Gagliardi, and the standing auditors Marco Curti and Nicola Miglietta, as well as the deputy auditors Stefania Barsalini and Alessandro Maruffi.

TPS "ID Card"

Recommendation	Target Price	Upside
BUY	**7.8 €**	**63%**

Company Overview

The TPS Group was founded in 1964 as one of the first Italian companies offering an external analysis and drafting service of technical and manual documentation for the Aeronautical industry. With more than 50 years of experience, TPS Group stands out as the leading Italian player in the field of technical and engineering services for the Aerospace & Defense (~55% of revenues) and Automotive industries (~35% of revenues): in residual part the Group is also active in the Oil & Gas, Railway, and machinery sectors. TPS capabilities range from technical manuals to augmented reality and from the design of avionics software to the production of components and multimedia training platforms, among others. After its corporate governance reorganization started in 2008, the Company began a process of business diversification and expansion, also driven by a path of successful acquisitions which increased both the range of services and the customer base. After having obtained the Elite certification by Borsa Italiana in 2016, TPS Group went public on AIM Italia in March 2017. Since then, the Group has acquired and consolidated five companies active in various industrial fields, and its Value of Production has more than doubled, from €14.6mln in 2016 to €36.8mln in 2019 (+36% CAGR). Net of acquisitions, TPS has historically recorded an organic growth of at least 7% yoy, thanks also to the consolidation of commercial relations with important industrial groups such as Leonardo, Iveco and FCA. After a 2020 in which the Company focused on the management of ordinary activities amid the pandemic, we think TPS will be soon ready to resume its growth plans, based on both organic and external growth. According to our 2021E-23E estimates, which are based on TPS Group as is, stand alone, the Value of Production is expected to grow at a 20-23E CAGR of 11% to €41.1mln in 2023, while EBITDA is forecast to reach €8.5mln in 2023, with EBITDA margin improving from 17% in 2020 to 20%. In addition to the full roll out of synergies from recent acquisitions, the business will be supported by the following drivers: i) its geographic expansion in Europe, in the United States and in Asia, ii) the consolidation of already strong commercial relations with important industrial groups, and iii) its great spirit of innovation and investments in R&D, which will favour the discovery of cutting-edge systems and services.

SWOT Analysis

Strengths

- Very advanced management control and severe economic balance
- Partial revenue visibility, thanks to multiannual agreements
- Strong-long term relationship with Leonardo which has lasted since the years of TPS foundation
- Resilience and defensive character of main end-market
- High entry barriers in the sectors of activity
- Consolidated track-record in M&A operations

Weaknesses

- Small size of the business
- End-markets concentration and value of production’s dependence on few customers
- Absolute dependence on the Italian market which represents more than 90% of the VoP

Opportunities

- Strong spirit of innovation and investments in R&D that favor the discovery of cutting-edge systems and services
- Geographical expansion opportunities in the United States and in the European markets
- Specialization in the design of "full electric" systems and exposure to the growing trend of electric vehicles
- Potential increasing demand for virtual reality and A.R. systems in a new normality characterized by social distancing

Threats

- Challenging market environment after the Covid-19 outbreak
- Uncertainties regarding the recovery of automotive-related activities, still penalized by the absence of motor shows and fairs

Main catalysts

Full grounding of the potential deriving from the latest acquisitions (synergies between the subsidiaries are still feasible)
M&A operations expected to continue in the coming years
Potential internationalization in Europe and the United States

Main risks

Risk associated with customer concentration and the relative dependence of revenues on a few important customers
Economic impact of Covid-19 on the demand for commercial aircrafts, helicopters and automobiles

TPS "ID Card"

Recommendation	Target Price	Upside
BUY	7.8 €	63%

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Main Financials

(€ mln)	2018	2019	2020	2021E	2022E
Value of production	**24.1**	**36.8**	**31.0**	**36.4**	**39.2**
yoy change	*26%*	*53%*	*-16%*	*17%*	*8%*
Added Value	17.5	28.0	24.3	27.9	29.9
Margin on VoP (%)	*73%*	*76%*	*79%*	*77%*	*76%*
EBITDA	**4.8**	**7.0**	**5.3**	**6.7**	**7.3**
yoy change	*15%*	*46%*	*-24%*	*27%*	*9%*
EBITDA margin on VoP (%)	*20%*	*19%*	*17%*	*18%*	*19%*
EBIT	**3.5**	**4.0**	**2.5**	**4.4**	**4.5**
EBIT margin on VoP (%)	*15%*	*11%*	*8%*	*12%*	*11%*
EBT	3.4	3.4	2.2	4.2	4.3
Margin on VoP (%)	*14%*	*9%*	*7%*	*12%*	*11%*
Net income	**2.4**	**2.4**	**1.6**	**3.0**	**3.0**
Margin on VoP (%)	*10%*	*6%*	*5%*	*8%*	*8%*
Net debt (cash)	**(7.0)**	**(2.9)**	**(5.1)**	**(6.9)**	**(9.6)**
Shareholders Equity	14.7	16.7	19.0	20.5	23.4
Net OWC	9.8	13.3	14.2	16.0	17.1
Capex	(3.4)	(3.7)	(1.2)	(1.7)	(2.5)
Free Cash Flow	3.2	(0.4)	2.8	2.2	2.6

Company Description

Company Sector	Aerospace & Defense
June 2nd price (€)	4.8
Number of shares (mln)	7.3
Market Cap (€ mln)	34.8
Reference Index	FTSE AIM ITALIA
Main Shareholders	G&D srl
Main Shareholder stake	65%
Free Float	17%
Daily Average Volumes	4,809
Sample of comparables	Alten, Sogeclair, Akka Technologies, Bertrandt, EDAG Engineering Group, Meggitt, FIGEAC-Aero, TXT e-solutions

Solvibility Ratios

	2018	2019	2020	2021E	2022E
Net Debt (cash)/Equity	-0.4x	-0.2x	-0.2x	-0.3x	-0.4x
Net Debt (cash)/EBITDA	-1.5x	-0.4x	-1.0x	-1.0x	-1.3x
EBIT Interest Coverage Ratio	18.7x	26.1x	20.1x	35.4x	35.8x

Data of peers

	2019	2020	2021E	2022E
Revenue Growth (yoy)	*14%*	*-20%*	*10%*	*10%*
EBITDA Margin	*13%*	*8%*	*11%*	*13%*

Average data

Financial and Operative ratios

	2018	2019	2020	2021E	2022E
Operating WC Turnover	2.5	2.8	2.2	2.3	2.3
Asset Turnover	0.8	1.0	0.9	0.9	0.9
Tax rate	*29%*	*31%*	*28%*	*30%*	*30%*
ROE	*14%*	*12%*	*7%*	*12%*	*11%*
ROIC	*24%*	*17%*	*11%*	*18%*	*18%*
Capex/VoP	*14%*	*10%*	*4%*	*5%*	*6%*
D&A/Capex	48%	140%	228%	129%	112%

Multiples of peers

	2021E	2022E
Average EV/EBITDA	9.9x	7.7x
Median EV/EBITDA	8.2x	6.3x

Source: FactSet, Banca Profilo estimates and elaborations

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