

TXT

Sector: Technology

Watch Out For M&A

We initiate coverage on TXT with a HOLD rating and a Target Price of EUR11.50, broadly in line with the current share price. M&A clearly represents the major upcoming catalyst for the stock. The disposal of TXT Retail division has provided the company with significant financial firepower (we estimate in the range of Eu80-100mn) to aggregate small and mid-sized players in both the Aerospace & Aviation and the Banking & Finance sectors. Management track record integrating acquired companies is positive.

- Newsflow.** FY17 was characterized by the sale of TXT Retail (Eu31.8mn of revenues, Eu3.5mn of EBITDA) division to Aptos for Eu85mn in cash (19x EV/EBITDA). TXT Next continued to grow and reached a turnover of Eu35.9mn in FY17, supported by the complete integration of PACE (acquired in 2016) and moderate organic growth (+2.7% YoY). Reported EBITDA decreased by 6% YoY to Eu3.5mn, mainly due to the growth in R&D and Commercial costs (+18.9% and +35.7% respectively). Growth continued in 1Q18: revenues went up 4.9% YoY to Eu9.4mn; EBITDA increased 6.5% YoY to Eu1.2mn.
- Catalysts.** Following the disposal of TXT Retail and the change in major shareholder (in February Mr Enrico Magni entered the share capital of TXT acquiring a 26% stake at Eu10.5 per share), M&A is likely to represent the most important upcoming catalyst for the stock. TXT operates in a fragmented competitive landscape that offers space for consolidation and is willing to become a platform to aggregate niche engineering software solution providers in the Aerospace & Aviation sector, with the aim to reach a Eu100mn turnover. Acquisitions in Italy may be considered also in the Banking & Finance sector. We estimate the company to have a Eu80-100mn firepower. Organically, there are further opportunities to exploit proprietary assets software in the Aerospace & Aviation sector, with the aim to increase the share of wallet in current customers and to capture new international customers. Demand in the Aerospace & Aviation sector is expected to remain healthy driven by the need for differentiation, by emerging technologies and by stricter regulations (safety, environment). Demand in the Banking & Finance sector is driven by increasing stricter regulatory frameworks and complex banking software systems.
- Estimates.** Revenues are expected to reach Eu44.4mn in FY20, posting a 7.4% 2017A-20E CAGR. EBITDA is forecast to grow faster than revenues driven a more profitable revenue mix (with software revenues outpacing services, and with Aerospace & Aviation outpacing Banking & Finance), and to come to Eu5.1mn in FY20. The EBITDA margin is estimated equal to 11.5% in FY20 (from 10% in FY17). We have not included any M&A deal in our estimates.
- Recommendation and valuation.** We initiate coverage on TXT with an HOLD rating and a Target Price of EUR11.50, broadly in line with the current share price. Our valuation is based on a DCF model. At our target price the stock would be trading at 15x and 13x EV/EBITDA on FY18 and FY19, with a low single digit FCF yield and dividend yield. The stock is currently trading at a significant premium to both international and Italian ICT peers.

HOLD

New Coverage

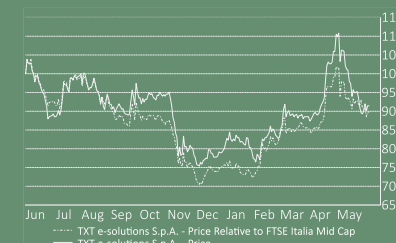
TP 11.50

Target price upside 4%

	FY18E	FY19E
Change in EPS est.	0.0%	0.0%

Ticker (BBG, Reut)	TXT IM	TXTS MI
Share price Ord. (Eu)		11.0
N. of Ord. shares (mn)		11.7
Total N. of shares (mn)		13.0
Market cap (Eu mn)		129
Total Market Cap (EU mn)		129
Free Float Ord. (%)		45%
Free Float Ord. (Eu mn)		58
Daily AVG liquidity Ord. (Eu k)		629

	1M	3M	12M
Absolute Perf.	-17.5%	7.1%	-9.6%
Rel. to FTSEMIDCap	-10.9%	5.2%	-11.7%
52 weeks range		9.2	13.5



	FY17A	FY18E	FY19E
Sales	36	39	41
EBITDA adj.	3.5	4.0	4.5
Net profit adj.	1.8	1.3	1.7
EPS adj.	0.150	0.114	0.147
DPS - Ord.	0.997	0.057	0.074
EV/EBITDA adj.	14.2x	13.3x	11.7x
P/E adj.	28.6x	40.4x	30.8x
Dividend yield	9.4%	0.5%	0.7%
FCF yield	-0.3%	-0.3%	1.0%
Net debt/(Net cash)	(87.3)	(75.2)	(75.8)
Net debt/EBITDA	nm	nm	nm

Analyst

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Key Data

P&L account (Eu mn)	FY16A	FY17A	FY18E	FY19E	FY20E
Sales	69.2	35.9	38.5	41.4	44.4
Gross margin	37.1	15.6	16.8	18.0	19.4
EBITDA reported	8.2	3.5	4.0	4.5	5.1
D&A	(1.3)	(0.8)	(2.0)	(2.0)	(2.0)
EBIT reported	6.9	2.7	2.0	2.6	3.1
Net financial charges	0.1	(0.2)	(0.1)	(0.1)	(0.1)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	7.0	2.5	1.9	2.5	3.0
Taxes	(1.5)	(0.7)	(0.6)	(0.7)	(0.9)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	66.8	0.0	0.0	0.0
Net profit reported	5.6	68.6	1.3	1.7	2.1
EBITDA adjusted	8.2	3.5	4.0	4.5	5.1
EBIT adjusted	6.9	2.7	2.0	2.6	3.1
Net profit adjusted	5.6	1.8	1.3	1.7	2.1

Margins (%)	FY16A	FY17A	FY18E	FY19E	FY20E
Gross margin	53.7%	43.6%	43.6%	43.6%	43.6%
EBITDA margin (adj)	11.9%	9.9%	10.5%	11.0%	11.5%
EBIT margin (adj)	10.0%	7.5%	5.2%	6.2%	7.0%
Pre-tax margin	10.1%	6.9%	4.9%	6.0%	6.8%
Net profit margin (adj)	8.0%	4.9%	3.5%	4.2%	4.7%

Growth rates (%)	FY16A	FY17A	FY18E	FY19E	FY20E
Sales	12.4%	-48.2%	7.5%	7.3%	7.4%
EBITDA	38.8%	-57.8%	16.7%	12.4%	12.2%
EBITDA adjusted	23.4%	-57.0%	14.4%	12.4%	12.2%
EBIT	28.9%	-61.3%	-25.0%	28.3%	20.7%
EBIT adjusted	28.9%	-61.3%	-25.0%	28.3%	20.7%
Pre-tax	34.7%	-64.8%	-22.7%	29.8%	21.5%
Net profit	25.0%	1134.2%	-98.1%	29.8%	21.5%
Net profit adjusted	25.0%	-68.4%	-24.0%	29.8%	21.5%

Per share data	FY16A	FY17A	FY18E	FY19E	FY20E
N. of shares AVG	11.656	11.695	11.738	11.738	11.738
N. of shares diluted AVG	11.777	11.696	11.706	11.706	11.706
EPS	0.477	5.862	0.114	0.147	0.179
EPS adjusted	0.477	0.150	0.114	0.147	0.179
DPS - Ord.	0.300	0.997	0.057	0.074	0.090
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	2.941	2.830	1.936	2.027	2.132

Enterprise value (Eu mn)	FY16A	FY17A	FY18E	FY19E	FY20E
Share price Ord. (Eu)	7.5	10.6	11.0	11.0	11.0
Market cap	97.3	137.5	129.1	129.1	129.1
Net debt/(Net cash)	(5.4)	(87.3)	(75.2)	(75.8)	(76.4)
Adjustments	0.0	0.0	0.0	0.0	0.0
Enterprise value	91.9	50.1	53.9	53.3	52.7

Cash flow (Eu mn)	FY16A	FY17A	FY18E	FY19E	FY20E
EBITDA adjusted	8.2	3.5	4.0	4.5	5.1
Net financial charges	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Cash taxes	(1.5)	(0.7)	(0.6)	(0.7)	(0.9)
Ch. in Working Capital	2.2	(2.5)	0.3	(0.4)	(0.5)
Operating cash flow	8.8	0.2	3.6	3.3	3.6
Capex	(0.7)	(0.7)	(4.0)	(2.1)	(2.2)
FCF	8.0	(0.4)	(0.4)	1.3	1.4
Disposals/Acquisitions	(5.4)	82.3	0.0	0.0	0.0
Changes in Equity	0.0	0.0	0.0	0.0	0.0
Others	(1.7)	3.7	0.0	0.0	0.0
Dividends	(2.9)	(3.5)	(11.7)	(0.7)	(0.9)
Ch. in NFP	(2.1)	82.0	(12.1)	0.6	0.5

Ratios (%)	FY16A	FY17A	FY18E	FY19E	FY20E
Capex/Sales	1.1%	1.8%	10.5%	5.0%	5.0%
Capex/D&A	0.6x	0.8x	2.0x	1.0x	1.1x
FCF/EBITDA	97.6%	-12.4%	-10.4%	27.9%	27.7%
FCF/Net profit	144.4%	-0.6%	-31.4%	73.3%	67.2%
Dividend pay-out	-62.9%	-666.7%	-50.0%	-50.0%	-50.0%

Balance sheet (Eu mn)	FY16A	FY17A	FY18E	FY19E	FY20E
Working capital	7.4	6.3	6.1	6.4	6.9
Fixed assets	25.4	8.9	10.9	11.0	11.2
Provisions & others	(3.9)	(69.4)	(69.4)	(69.4)	(69.4)
Net capital employed	28.9	(54.2)	(52.5)	(52.0)	(51.3)
Net debt/(Net cash)	(5.4)	(87.3)	(75.2)	(75.8)	(76.4)
Equity	34.3	33.1	22.7	23.8	25.0
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY16A	FY17A	FY18E	FY19E	FY20E
Working capital/Sales	10.7%	17.6%	15.7%	15.5%	15.5%
Net debt/Equity	nm	nm	nm	nm	nm
Net debt/EBITDA	nm	nm	nm	nm	nm

Valuation	FY16A	FY17A	FY18E	FY19E	FY20E
EV/CE	2.8x	3.3x	3.2x	3.1x	2.9x
P/BV	2.8x	4.2x	5.7x	5.4x	5.2x
EV/Sales	1.3x	1.4x	1.4x	1.3x	1.2x
EV/EBITDA	11.2x	14.5x	13.3x	11.7x	10.3x
EV/EBITDA adjusted	11.2x	14.2x	13.3x	11.7x	10.3x
EV/EBIT	13.3x	18.8x	26.9x	20.7x	17.0x
EV/EBIT adjusted	13.3x	18.8x	26.9x	20.7x	17.0x
P/E	17.5x	0.7x	40.4x	30.8x	25.1x
P/E adjusted	17.5x	28.6x	40.4x	30.8x	25.1x
ROCE pre-tax	22.3%	11.1%	12.5%	15.0%	17.5%
ROE	16.2%	5.3%	5.9%	7.3%	8.4%
EV/FCF	11.5x	-113.9x	-128.6x	42.0x	37.3x
FCF yield	8.2%	-0.3%	-0.3%	1.0%	1.1%
Dividend yield	4.0%	9.4%	0.5%	0.7%	0.8%

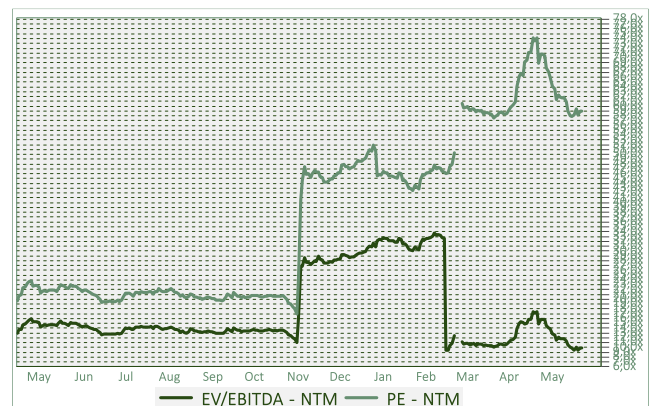
Share price performance

The sale of TXT Retail led to a significant cut in estimates



Valuation

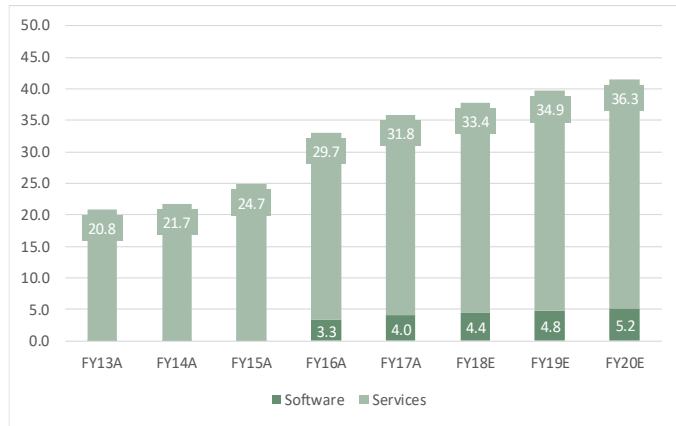
P/E multiples heavily penalized by excess cash



Key Charts

Revenue breakdown (FY13A-FY20E)

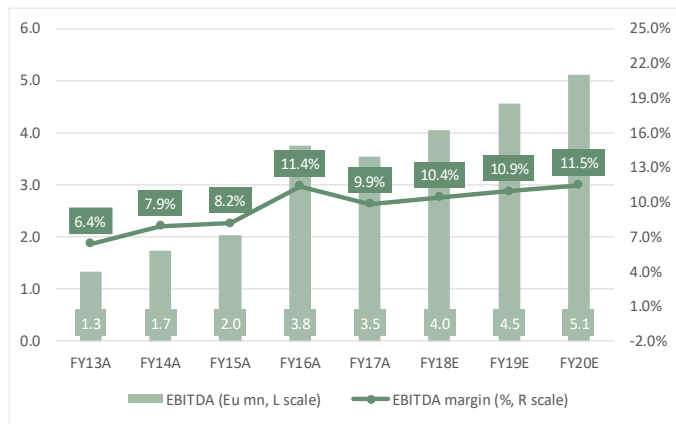
Sales of assets software started in 2016 following the acquisition of PACE



Source: company data and Alantra estimates

EBITDA trend (FY13A-FY20E)

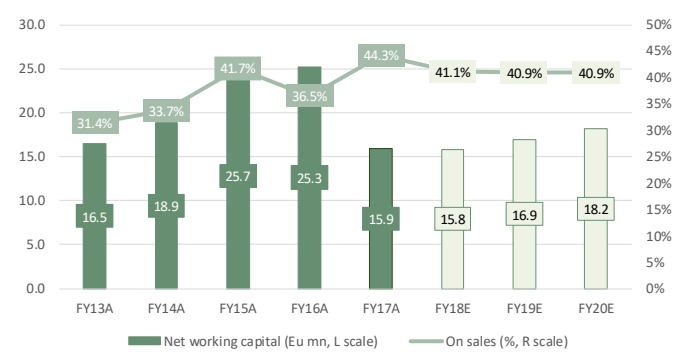
Revenue mix is expected to improve profitability



Source: company data and Alantra estimates

Balance sheet (FY13A-FY20E)

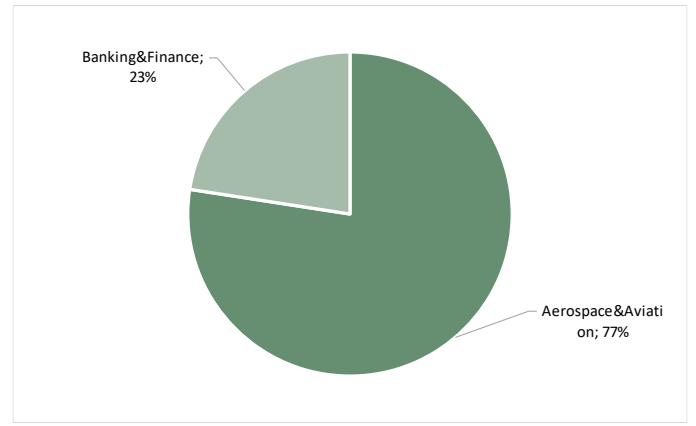
Exposure to Italy leads to a structurally high working capital



Source: company data and Alantra estimates

Revenue breakdown by sector (FY17A)

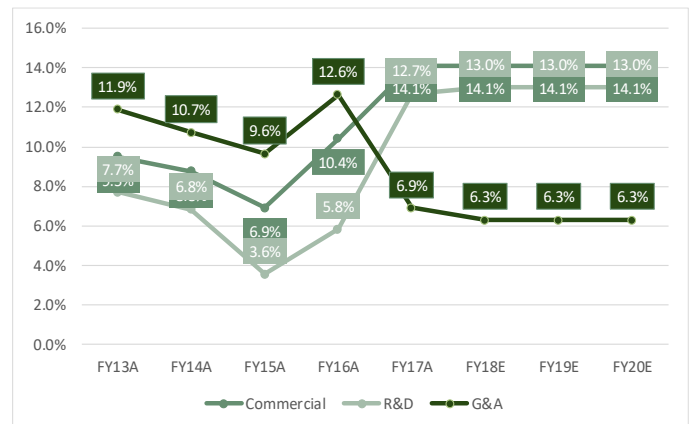
Highly focused on Aerospace & Aviation



Source: company data

Costs trends (FY013A-FY20E)

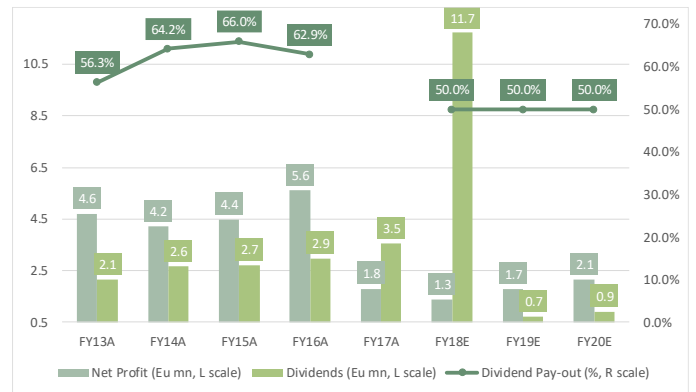
Sustained R&D investments



Source: company data and Alantra estimates

Dividends (FY07A-FY20E)

Extraordinary dividend following the disposal of TXT Retail



Source: company data and Alantra estimates

ALANTRA

Italian Equity Research Profile

Background TXT e-solutions is an international, specialized provider of engineering software solutions supporting customers in high-tech markets in their mission- and business-critical core processes and throughout their product lifecycles. Company's reference industries are Aerospace & Aviation (77% of total revenues in 2017) and Banking & Finance (23%). TXT operates mainly in the domestic market (63% of total revenues in 2017); international revenues (37%) went up in recent years thanks to the acquisition of PACE in 2016.

R&D activity (on average equal to 7-8% of revenues), at the base of TXT development, is aiming to provide customers with cutting edge solutions. Recently, TXT has developed a new platform for rapid development and deployment of virtual training and operations support applications; and a real-time augmented reality visualization solution to configure an aircraft's cabin.

Positioning In the **Aerospace & Aviation** sector, TXT supports customers in the product development (40% of divisional revenues), customer engineering and manufacturing (30%), and aircraft operations (30%). Turn-key service engagements weight 75% of divisional revenues, with time and material accounting for the remaining 25%. Services weight for 85% of divisional revenues, with assets software accounting for the remaining 15%. The company has built a diversified customer base of industry leaders; customers are split between aircraft manufacturers (60% of total customers), Tier I suppliers (20%), airlines and lessors (10%), and Automotive OEMs and Tier I (10%). Italy represents 55% of the divisional turnover.

In the **Banking & Finance** sector, TXT is specialized in the independent testing, verification and validation of core applications and in software quality services. Revenues are coming entirely from services and Italian customers (the company is targeting 40-50 banking institutions). The reference market is estimated to be worth Eu100mn.

Growth Revenues went from Eu20.8mn in FY13 to Eu 35.9mn in FY17 driven by organic growth and the acquisition of Pace in 2016; CAGR was equal to 14.4% in the period. EBITDA margin improved from 6.4% in FY13 to 10% in FY17.

The Aerospace & Aviation business is expected to post an 8-10% revenue CAGR in next years; the Banking & Finance business to grow by 5% per annum. EBITDA margin is expected to reach 12% over the medium term.

Strategy The future development of TXT will be driven by investments in R&D and M&A activities.

TXT Sense, a newly created internal start-up, is aimed at developing and marketing innovative applications of Augmented Reality (AR), Artificial Intelligence (AI), and Robot to new industrial sectors.

TXT operates in a fragmented competitive landscape that offers space for consolidation. The company is in the position to be a platform to aggregate niche engineering software solution providers. Net cash was Eu87mn at YE17 (down to approx. Eu75mn once the dividend will be paid) and gives the company plenty of financial flexibility.

Aerospace & Aviation: TXT is targeting to organically increase the share of wallet in current customers and to capture new international customers; inorganic growth will be driven by selective mid-sized acquisitions with the intention to reach a turnover of Eu100mn. The development of on-board software and systems for the Automotive & Transport sector might represent an upside opportunity.

Banking & Finance: customers are facing increasingly stricter regulatory frameworks; on top emerging Fintech software and services are increasing the complexity of the banking software systems. Therefore, Software Quality is becoming a key pillar of banks' IT strategy and a growing portion of IT budgets. The division is not planning to expand abroad.

<p>Strengths</p> <ul style="list-style-type: none"> Large and qualified customer base Effective R&D activities (augmented reality, artificial intelligent) Strong positioning in Aerospace sector 	<p>Weaknesses</p> <ul style="list-style-type: none"> Lack of scale Weak positioning in the Banking sector Unefficient capital allocation
<p>Opportunities</p> <ul style="list-style-type: none"> Releverage of the balance sheet by M&A Upselling to existing customers Expansion in the Automotive sector 	<p>Threats</p> <ul style="list-style-type: none"> Failure in M&A execution Increased competition in the Aerospace sector

<p>Key shareholders</p> <ul style="list-style-type: none"> Laserline SpA 25.6% A. Braga Illa 14.0% Free float 44.8%

<p>Management</p> <ul style="list-style-type: none"> Marco Guida, Enrico Magni CEO Paolo Matarazzo CFO Alvise Braga Illa Chairman

<p>Next events</p> <ul style="list-style-type: none"> 2Q18 results: 2 August 2018 3Q18 results: 6 November 2018
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ALANTRA

Italian Equity Research
Peers

Trading multiples

The stock is trading at a significant premium to both international and Italian ICT peers

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			EV/EBIT			PE		
			FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
TXT	ITALY	145	13.3 x	11.7 x	10.3 x	26.9 x	20.7 x	17.0 x	40.4 x	30.8 x	25.1 x
Premium (discount) to Peers' Median			22%	26%	30%	108%	85%	72%	157%	125%	94%
PEERS											
Average			10.5 x	9.1 x	8.5 x	12.4 x	10.8 x	10.0 x	16.4 x	14.3 x	13.1 x
Median			10.9 x	9.3 x	8.0 x	12.9 x	11.2 x	9.9 x	15.7 x	13.7 x	12.9 x
Akka Technologies SA	FRANCE	1,232	10.9 x	9.1 x	8.0 x	13.0 x	11.0 x	9.9 x	21.9 x	16.9 x	14.5 x
Altran Technologies SA	FRANCE	3,336	10.9 x	9.0 x	7.9 x	12.7 x	10.4 x	9.3 x	14.6 x	12.1 x	10.7 x
Alten SA	FRANCE	3,002	12.5 x	11.2 x	10.2 x	13.3 x	11.9 x	10.8 x	19.4 x	17.8 x	16.7 x
Assystem SA	FRANCE	450	15.3 x	13.2 x	12.3 x	17.1 x	15.2 x	13.9 x	13.7 x	11.8 x	10.7 x
HCL Technologies Limited	INDIA	15,767	8.7 x	7.6 x	6.7 x	10.0 x	8.8 x	7.7 x	13.4 x	12.2 x	11.3 x
Tech Mahindra Limited	INDIA	8,773	10.7 x	9.4 x	7.9 x	13.9 x	12.0 x	10.0 x	15.6 x	14.1 x	12.9 x
PEERS Group 1											
Average			11.5 x	9.9 x	8.8 x	13.3 x	11.6 x	10.3 x	16.4 x	14.1 x	12.8 x
Median			10.9 x	9.3 x	8.0 x	13.2 x	11.5 x	10.0 x	15.1 x	13.1 x	12.1 x
Be Think, Solve, Execute S.p.A.	ITALY	112	6.0 x	5.3 x	5.8 x	9.3 x	7.7 x	8.0 x	15.9 x	13.3 x	10.7 x
Reply S.p.A.	ITALY	1,970	13.1 x	11.5 x	9.9 x	14.5 x	12.6 x	10.8 x	21.6 x	19.1 x	16.9 x
Exprivia SpA	ITALY	65	5.4 x	4.7 x	na	7.8 x	6.7 x	na	10.8 x	9.4 x	na
PITECO SpA	ITALY	85	11.1 x	9.6 x	8.3 x	12.8 x	11.3 x	9.7 x	16.7 x	16.1 x	13.8 x
PEERS Group 2											
Average			8.9 x	7.8 x	8.0 x	11.1 x	9.6 x	9.5 x	16.3 x	14.5 x	13.8 x
Median			8.5 x	7.4 x	8.3 x	11.0 x	9.5 x	9.7 x	16.3 x	14.7 x	13.8 x
Company	Country	Mkt Cap (Eu mn)	Dividend Yield			FCF Yield			Net Debt/EBITDA		
			FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
TXT	ITALY		0.5%	0.7%	0.8%	-0.3%	1.0%	1.1%	nm	nm	nm
PEERS											
Average			2.2%	2.4%	2.7%	4.6%	5.9%	6.9%	1.2 x	1.1 x	0.8 x
Median			2.0%	2.2%	2.5%	4.4%	5.1%	6.1%	1.2 x	0.8 x	0.6 x
Akka Technologies SA	FRANCE	1,232	1.1%	1.5%	1.9%	3.5%	5.5%	6.0%	1.1 x	0.7 x	0.4 x
Altran Technologies SA	FRANCE	3,336	1.6%	1.9%	2.1%	4.9%	6.9%	7.7%	2.8 x	2.3 x	1.8 x
Alten SA	FRANCE	3,002	1.1%	1.1%	1.1%	4.3%	4.9%	5.4%	nm	nm	nm
Assystem SA	FRANCE	450	3.5%	3.5%	3.5%	4.5%	5.1%	5.9%	1.2 x	0.8 x	0.4 x
HCL Technologies Limited	INDIA	15,767	3.2%	3.5%	3.6%	6.0%	7.3%	8.0%	nm	nm	nm
Tech Mahindra Limited	INDIA	8,773	2.0%	2.2%	2.5%	4.4%	4.9%	6.1%	nm	nm	nm
PEERS Group 1											
Average			2.1%	2.3%	2.5%	4.6%	5.8%	6.5%	1.7 x	1.2 x	0.8 x
Median			1.8%	2.0%	2.3%	4.4%	5.3%	6.0%	1.2 x	0.8 x	0.4 x
Be Think, Solve, Execute S.p.A.	ITALY	112	2.8%	3.1%	4.5%	6.6%	10.2%	11.7%	0.1 x	nm	0.7 x
Reply S.p.A.	ITALY	1,970	0.7%	0.9%	1.0%	3.0%	3.7%	4.2%	nm	nm	nm
Exprivia SpA	ITALY	65	na	2.3%	na	na	na	na	1.9 x	1.4 x	na
PITECO SpA	ITALY	85	3.7%	4.1%	4.5%	4.4%	4.6%	6.8%	0.4 x	0.2 x	nm
PEERS Group 2											
Average			2.4%	2.6%	3.3%	4.7%	6.2%	7.6%	0.8 x	0.8 x	0.7 x
Median			2.8%	2.7%	4.5%	4.4%	4.6%	6.8%	0.4 x	0.8 x	0.7 x

Source: Alantra estimates and Factset

Compared to peers the company shows lower margins and comparable sales and EBITDA CAGR

Company	Country	Mkt Cap (Eu mn)	FY18E - FY20E average margins					CAGR FY17A - FY20E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS
TXT	ITALY	145	11.0%	6.1%	4.1%	6.8%	50.0%	7.4%	13.8%	5.1%	-68.7%
PEERS	Average		16.4%	13.7%	10.1%	2.0%	33.0%	9.5%	14.4%	15.3%	17.4%
	Median		14.1%	11.7%	8.3%	1.9%	28.7%	10.3%	13.5%	16.0%	19.1%
Akka Technologies SA	FRANCE	1,232	10.5%	8.6%	4.8%	2.3%	25.7%	6.5%	18.1%	17.0%	22.8%
Altran Technologies SA	FRANCE	3,336	15.5%	13.3%	8.6%	2.4%	23.0%	13.9%	29.8%	24.4%	19.1%
Alten SA	FRANCE	3,002	11.0%	10.3%	7.5%	0.7%	20.0%	6.8%	8.7%	8.7%	8.0%
Assystem SA	FRANCE	450	7.7%	6.7%	8.0%	0.9%	42.1%	6.6%	10.5%	8.7%	25.8%
HCL Technologies Limited	INDIA	15,767	22.8%	19.8%	16.6%	3.1%	42.3%	10.3%	10.3%	10.3%	8.7%
Tech Mahindra Limited	INDIA	8,773	16.9%	13.2%	11.6%	3.5%	31.7%	10.6%	14.9%	16.0%	7.8%
PEERS Group 1	Average		14.1%	12.0%	9.5%	2.2%	30.8%	9.1%	15.4%	14.2%	15.4%
	Median		13.2%	11.8%	8.3%	2.4%	28.7%	8.5%	12.7%	13.1%	13.9%
Be Think, Solve, Execute S.p.A.	ITALY	112	13.8%	9.4%	5.5%	0.9%	44.5%	7.2%	8.8%	21.0%	28.3%
Reply S.p.A.	ITALY	1,970	14.5%	13.2%	9.3%	1.9%	16.3%	11.6%	13.5%	13.1%	14.5%
Exprivia SpA	ITALY	65	11.3%	7.9%	3.8%	na	21.6%	na	na	na	na
PITECO SpA	ITALY	85	40.4%	34.5%	25.0%	1.8%	63.3%	12.2%	15.1%	18.9%	21.4%
PEERS Group 2	Average		20.0%	16.2%	10.9%	1.5%	36.4%	10.3%	12.4%	17.7%	21.4%
	Median		14.1%	11.3%	7.4%	1.8%	33.1%	11.6%	13.5%	18.9%	21.4%

Source: Alantra estimates and Factset

Performance

Negative performance over the last year, broadly in line with Italian peers

Company	Country	Mkt Cap (Eu mn)	Performance					
			1M	3M	6M	1YR	3YR	5YR
TXT	ITALY	145	-17.5%	7.1%	20.6%	-9.6%	48.0%	158.2%
PEERS	Average		-1.6%	1.7%	10.0%	4.5%	69.3%	203.5%
	Median		-1.5%	-1.2%	2.7%	-1.4%	59.7%	205.3%
Akka Technologies SA	FRANCE	1,232	3.8%	12.8%	29.6%	19.5%	120.4%	221.8%
Altran Technologies SA	FRANCE	3,336	-1.1%	2.1%	0.5%	-12.9%	48.4%	133.3%
Alten SA	FRANCE	3,002	5.9%	15.3%	26.8%	11.0%	114.7%	210.6%
Assystem SA	FRANCE	450	1.2%	-4.8%	-7.7%	-21.0%	59.7%	70.6%
HCL Technologies Limited	INDIA	15,767	-4.6%	-4.8%	5.0%	3.4%	-4.6%	144.1%
Tech Mahindra Limited	INDIA	8,773	5.9%	11.6%	50.6%	74.3%	26.7%	205.3%
PEERS Group 1	Average		1.8%	5.4%	17.5%	12.4%	60.9%	164.3%
	Median		2.5%	6.8%	15.9%	7.2%	54.1%	174.7%
Be Think, Solve, Execute S.p.A.	ITALY	112	-10.0%	-8.7%	-9.6%	-7.5%	51.8%	255.4%
Reply S.p.A.	ITALY	1,970	-1.9%	8.8%	14.8%	17.7%	138.6%	512.9%
Exprivia SpA	ITALY	65	-12.7%	-10.6%	-4.1%	-32.8%	68.3%	77.4%
PITECO SpA	ITALY	85	-2.9%	-4.5%	-6.0%	-6.3%	na	na
PEERS Group 2	Average		-6.9%	-3.8%	-1.2%	-7.2%	86.2%	281.9%
	Median		-6.4%	-6.6%	-5.1%	-6.9%	68.3%	255.4%

Source: Factset

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