

Porto Aviation Group

Sector: Consumer Goods



Flying on Cash, 4-Seats Lifts Off in 2027E

Porto Aviation Group (“Porto”, “PAG”) is establishing itself as one of the most innovative players in the design, engineering and manufacturing of high-performance lightweight aircraft and propellers.

FY24: Strong 2H rebound and > 80% OpFCF b.t.

Porto closed FY24 above expectations in terms of EBIT, net profit, and net cash, while EBITDA was broadly in line. In details, FY24 figures are the following:

- Value of Production rose by 27.2% y/y to €4.9mn, driven by 13 aircraft deliveries, with a strong acceleration in 2H24. Order intake remained solid, with 8 new aircraft secured in July–Dec, bringing the backlog to 18 units — 1.4x FY24 deliveries;
- EBITDA Reported came in at ~€504k, -14.1% y/y but 6% above our estimates, with EBITDA Margin falling 500bps to 10.3% due to higher structural costs and the expensing of 4-seats model development costs;
- Net Cash rose to €1.1mn (vs. €740k in Dec’23), nearly €900k above forecasts, driven by strong NWC management and contributions including the IPO Bonus.

Based on a Net Profit of ~€240k, a dividend of €0.048 per share (€113k total) has been proposed, payable on May 14, 2025.

4-seats rollout deferred, fundamentals largely intact

The go-to-market timeline for the 4-seats model has been pushed to 2027E, with a stronger focus on the US market and plans to establish a dedicated branch there to manage final assembly and distribution. Testing and targeted marketing activities are scheduled for 2026E. Although our 2025E–2028E revenue projections remain broadly unchanged, we are slightly adjusting our assumptions to reflect a revised cost structure, higher operating expenses, and the deferral of R&D capitalization to 2025E. Thus, we now expect: 1) VoP to get at €12.2mn by 2028E (+25% CAGR_{24A-26E}); 2) EBITDA Margin exceeding >26% by 2028E; 3) OpFCF b.t. / EBITDA ratio on average at ~45%; 4) Net Cash to stands at €2.6mn by 2028E.

Fair Equity Value p/s unchanged at €6.0

We confirm PAG’s Fair Equity Value at €6.0 p/s, implying a ~60% upside and a €14.3mn market cap. The valuation reflects both a peer-based multiple approach and a DCF analysis, pointing to fair values of €5.8 and €6.1 p/s, respectively. At fair value, PAG would trade at 5.8x EV/EBITDA 2026E. Beyond numbers, we see strong strategic appeal, with potential for industrial partnerships over in-house development by global players.

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Fair Value (€)	6.00
Market Price (€)	3.66
Market Cap. (€m)	8.70

KEY FINANCIALS (€mn)	2024A	2025E	2026E
VALUE OF PRODUCTION	4.9	6.3	9.4
EBITDA	0.5	1.0	2.3
EBIT	0.2	0.7	1.9
NET PROFIT	0.2	0.7	1.1
EQUITY	3.3	4.0	5.1
NET FIN. POS.	1.1	0.9	0.9
EPS ADJ. (€)	0.10	0.29	0.45
DPS (€)	0.00	0.00	0.00

Source: Company (historical figures)

Value Track (2025E–26E estimates)

KEY RATIOS	2024A	2025E	2026E
EBITDA MARGIN (%)	10%	16%	25%
EBIT MARGIN (%)	5%	11%	20%
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	0.0	0.0	0.0
EV/SALES (x)	2.0	1.5	1.0
EV/EBITDA (x)	15.2	7.7	3.4
EV/EBIT (x)	31.4	11.4	4.1
P/E ADJ. (x)	36.6	12.8	8.1

Source: Company (historical figures)

Value Track (2025E–26E estimates)

STOCK DATA	
MARKET PRICE (€)	3.7
SHS. OUT. (m)	2.4
MARKET CAP. (€m)	8.7
ENTERPRISE VALUE (€m)	7.7
FREE FLOAT (%)	15.16
AVG. -20D VOL. ('000)	2,083
RIC / BBG	PAG.MI / PAG IM
52 WK RANGE	3.50 – 4.72

Source: Stock Market Data

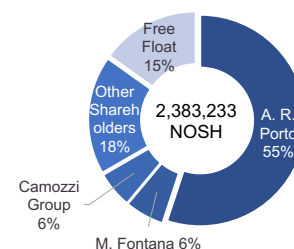
EQUITY RESEARCH PRODUCED ON BEHALF OF MIT SIM ACTING AS SPECIALIST ON PORTO AVIATION GROUP SHARES



Business Description

Porto Aviation Group is an Italian company that engineers, manufactures, and commercializes high-performance lightweight aircrafts, and propellers. Porto also provides post-sales services, including maintenance / optimization, for aircraft sold up to ca. 5y prior. With more than 48 aircrafts currently in operation worldwide, the company is known for its nearly full in-house production process and its ambition to rival top sport leisure aircraft manufacturers, attracting an elite clientele. Porto has facilities in Italy (Cremella, Rivanazzano Terme), Serbia (Vršac), and US (Nephi, Utah).

Shareholders Structure



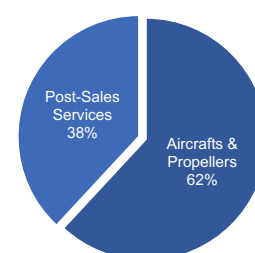
Source: Porto Aviation Group

Key Financials

€mn	2024A	2025E	2026E	2027E
Value of Production	4.9	6.3	9.4	11.0
y/y (%)	27.2%	28.9%	49.6%	16.9%
EBITDA Reported	0.5	1.0	2.3	2.8
EBITDA Reported Margin (%)	10.3%	16.2%	24.7%	25.8%
EBIT Reported	0.2	0.7	1.9	2.3
EBIT Reported Margin (%)	5.0%	10.9%	20.3%	21.2%
Net Profit	0.2	0.7	1.1	1.4
y/y (%)	20.2%	nm	57.8%	25.5%
Net Fin. Position	1.1	0.9	0.9	1.5
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	0.0	-0.5	-0.8	-1.0
OpFCF b.t.	0.4	0.1	0.8	1.6
OpFCF b.t. as % of EBITDA	83.0%	9.4%	35.5%	54.8%

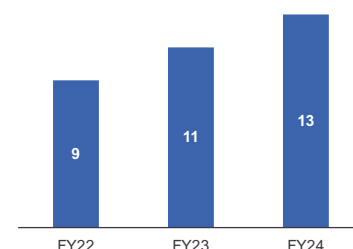
Source: Porto (historical figures), Value Track (estimates), (*) Net of extraord. revenues and costs

FY24's Sales breakdown by BU



Source: Porto Aviation Group

Number of Aircrafts Delivered



Source: Porto Aviation Group

Investment case

Strengths / Opportunities

- ◆ Predominantly “self-sufficient” business model
- ◆ Highly skilled Top Management with extensive experience
- ◆ Ever increasing reference market, expected to grow at double-digit rate

Weaknesses / Risks

- ◆ Supply chain rather challenging, i.e., some aircraft's components sourced from the US
- ◆ Low level of business industrialization

Stock multiples @ €6.00 Fair Value

	2025E	2026E
EV / SALES (x)	2.5	1.7
EV / EBITDA (x)	13.2	5.8
EV / EBIT (x)	19.5	7.0
EV / CAP.EMP. (x)	4.3	3.2
OpFCF Yield (%)	0.5	5.9
P / E (x)	20.9	13.3
P / BV (x)	3.6	2.8
Div. Yield. (%)	0.0	0.0

Source: Value Track

FY24's Financials

Key Financials

Porto's **FY24 results are above our estimates for FY24**, mainly on better EBIT (driven by lower investments and non-capitalized R&D costs), net profit and net cash, while EBITDA is broadly aligned to our expectations.

Additionally, order intake over FY24 suggests a strong outlook: between 1H and December 2024, we estimate the Company secured 8 new aircraft orders, bringing the year-end backlog to 18 units — equivalent to 1.4x the aircraft delivered during FY24.

As regards FY24 financials, we flag the following:

- ◆ **Value of Production +27.2% y/y to €4.9mn**, driven by the delivery of 13 aircraft — two more than we forecasted — alongside progress on 8 units in production. We appreciate the strong execution that took place in 2H24, with 10 aircraft delivered vs. just 3 in 1H;
- ◆ **EBITDA at ~€504k down -14.1% y/y** (at €587k in FY23), and 6% above our estimates, with EBITDA Margin falling 500bps to 10.3% of VoP mostly due to: 1) higher structural costs to support the company's growth trajectory; 2) the accounting choice to treat as Opex (and not as Capex) the expenses linked to the development of the new, 4-seats model, expected to undergo initial technical trials within 2025 year-end;
- ◆ **EBIT Reported ~€-244k** (vs. €321k in FY23), with D&A charges roughly in line y/y, 32.7% above expectations, while **Net Profit** was reported **at €239k** approx. €140k higher than expected, supported by higher margins and even more efficient financial management;
- ◆ **Net Cash to €1.1mn** (nearly €900k above forecasts), improved from approx. €740k as of Dec' 2023, thanks to sound Net Working Capital management, resulting in an OpFCF > 60%, with cash reserves further boosted by received contributions and the so-called IPO Bonus;
- ◆ On the back of a Net Profit of ca. €240k, the **BoD proposed a 2024 dividend** of €0.048249 per share, totalling €113k, with payment scheduled for May 14, 2025.
- ◆ As of end-December, **backlog at 18 aircrafts** in processing – vs. 20 as of end-June 24, 14 as of Dec' 23 and 10 as of June 23 – excluding the additional 8 aircraft in production of Dec' 2024.

Porto Aviation Group: Key Financial Items FY23 – FY24

(€mn)	FY23	FY24	y/y (%)	FY24E	A vs E (%)
Value of Production	3.8	4.9	+27.2%	4.3	+14.2%
EBITDA Reported	0.6	0.5	-14.1%	0.5	+6.1%
EBITDA Margin (as a % of VoP)	15.3%	10.3%	-498bps	10.3%	-79bps
EBIT Reported	0.3	0.2	-23.9%	0.2	+32.7%
EBIT Margin (as a % of VoP)	8.4%	5.0%	-336bps	5.0%	70bps
Net Profit	0.2	0.2	+20.2%	0.1	+150.1%
Net Fin. Position [Net debt (-) / Cash (+)]	0.7	1.1	+0.3	0.2	+0.9

Source: Porto Aviation Group, Value Track Analysis

Strong Top line rebound in 2H

FY24 Revenues from Sales amounted to €3.8mn, up +26.1% y/y (vs. €3.0mn), while the Value of Production grew by approx. +27.2% y/y, driven by 13 aircraft deliveries — two above our forecast —

and progress on 8 units in production. Execution strongly accelerated in **2H**, with **10 deliveries vs. just 3 in 1H**, pushing P&L results above expectations by ca. +14.2%.

Porto Aviation Group: Backlog and Aircrafts Delivered

(#)	FY21-22	1H23	2H23	1H24	2H24
Aircraft Delivered	9	6	5	3	10
Backlog (Aircraft)	//	10	14	20	18

Source: Porto Aviation Group, Value Track Analysis

Regarding the other components of VoP, the Company posted i) €694k related to Other Revenues (o/w ca. €320k related to operating grant about the financing provided by the Ministry of Enterprises of Made in Italy and ca. €260k to IPO bonus, vs. ca. €552k and zero in FY23, respectively), ii) €383k to change in inventories (including WIP, vs. -€72k in FY23).

Porto Aviation Group: Value of Production breakdown from FY22 to FY24

(€, mn)	FY22	FY23	FY24	y/y
Revenues from Sales	2.4	3.0	3.8	+26.1%
Other Revenues	0.1	0.7	0.7	-7.2%
o/w "Made in Italy" grants	0.0	0.6	0.3	-41.3%
IPO Bonus	0.0	0.0	0.3	nm
Others	0.0	0.2	0.1	nm
Δ Inventory (including WIP)	-0.2	0.1	0.4	nm
Value of Production	2.4	3.8	4.9	+27.2%

Source: Porto Aviation Group, Value Track Analysis

Please note that the **4-seats model development has been postponed by about a year**, with the prototype still under completion. The project is now geared towards the US market, with plans to establish a dedicated branch there to support final assembly and commercialization. Components will be shipped from Italy and assembled locally. Testing and model-specific marketing are scheduled for 2026E, **with commercial launch expected from 2027E**, following the US branch setup.

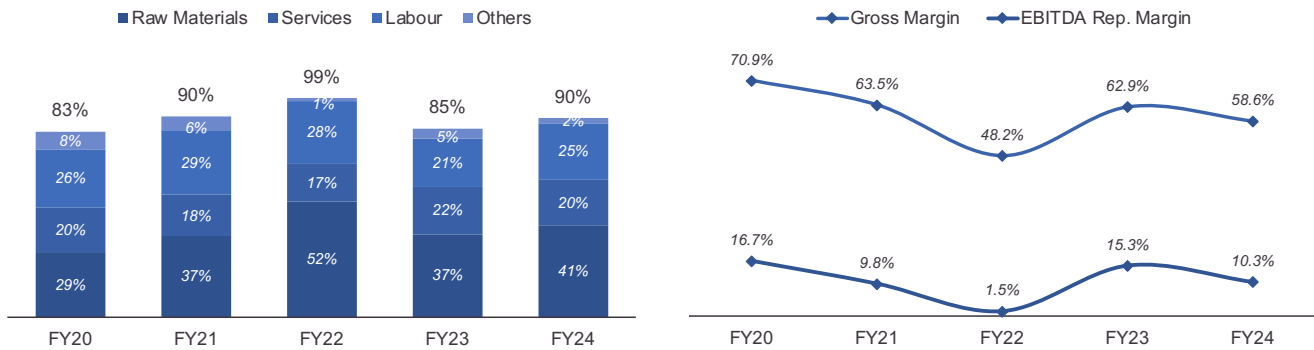
€504k EBITDA impacted by +34.7% OpEx growth

EBITDA Reported stood at ca. €504k (vs. €587k in FY23) **after Total OpEx of €4.4mn** (vs. €3.2mn in FY23, +34.7% y/y).

However, we note the presence of:

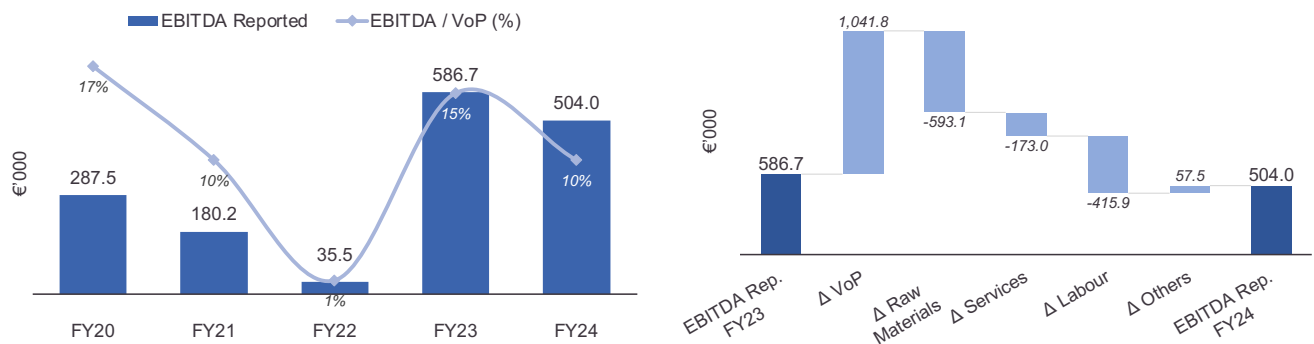
- ◆ an increase in structural costs, intended to support the company's significant growth trajectory, including higher labour costs (€1.2mn in FY24 vs €820k in FY23) due to a shift toward more specialized personnel — with the total headcount unchanged (at 30 employees) but a revised mix (from 6 white-collar and 24 blue-collar workers to 1 manager, 11 white-collar and 18 blue-collar workers);
- ◆ as well as R&D expenditures associated with the development of the new 4-seats model (named "Super Cruiser"), which is scheduled to undergo initial technical testing during 2025E, alongside projects as the HRS propeller.

Porto Aviation Group: Costs Structure and Gross/EBITDA Margin (% on VoP)



Source: Porto Aviation Group, Value Track Analysis

Porto Aviation Group: EBITDA Evolution and EBITDA Bridge



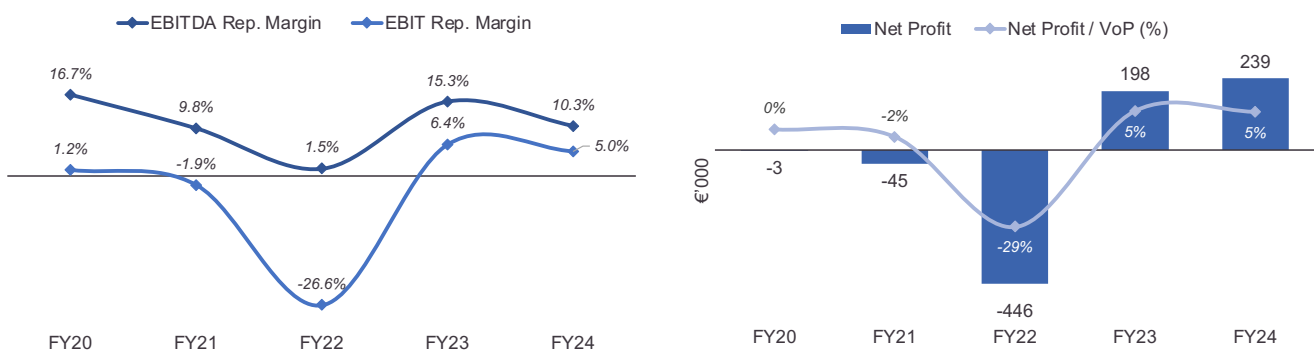
Source: Porto Aviation Group, Value Track Analysis

EBIT and bottom line a touch above expectations

Below EBITDA, €260k D&A charges (vs. ca. €266k in FY23), drove **EBIT Reported at €244k** (vs. 321k in FY23), but again this higher than expected.

Thanks to a) > ca. €30k positive financial income, and b) a ~13% tax rate, FY24 **Net Profit Reported at €239k** (vs. €198k in FY23), with Net Margin still at a healthy ca. 5%.

Porto Aviation Group: EBITDA/EBIT Margin and Net Profit Evolution



Source: Porto Aviation Group, Value Track Analysis

Porto Aviation Group: P&L FY22 – FY23 – FY24

(€, mn)	FY22	FY23	FY24	y/y
Revenues from Sales	2.4	3.0	3.8	26.1%
Δ WIP and Finished Goods	0.1	0.7	0.7	-7.2%
Other Revenues	-0.2	0.1	0.4	nm
Value of Production	2.4	3.8	4.9	27.2%
Raw Materials, Δ Inventory (Raw Materials)	-1.2	-1.4	-2.0	41.7%
Gross Profit	1.2	2.4	2.9	18.6%
Costs of Services	-0.4	-0.8	-1.0	21.0%
Costs of Rent	0.0	-0.2	-0.1	-32.8%
Labour Costs	-0.7	-0.8	-1.2	50.7%
EBITDA Reported	0.0	0.6	0.5	-14.1%
EBITDA Reported Margin (%)	1.5%	15.3%	10.3%	-498bps
D&A (excl. Goodwill)	-0.2	-0.3	-0.3	1.8%%
Provisions	-0.5	0.0	0.0	nm
EBIT Reported	-0.6	0.3	0.2	-23.9%
EBIT Reported Margin (%)	-26.6%	8.4%	5.0%	-336bps
Pre-Tax Profit	-0.6	0.3	0.3	-13.7%
Taxes	0.2	-0.1	0.0	-69.9%
Net Profit	-0.4	0.2	0.2	20.2%
Net Profit Margin (%)	-18.6%	5.2%	4.9%	-29bps

Source: Porto Aviation Group, Value Track Analysis

OpFCF b.t. at €400k, Net Cash to €1.1mn

As for the Balance Sheet / Cash Flow Statement, we note:

- ◆ Tangible and intangible investments nearly zero (€33k in FY24 vs. ~500k in FY23), due to the decision to not capitalize development costs related to 4-seats model;
- ◆ Net Working Capital at €1.2mn (25.1% of VoP, vs. €1.1mn in FY23, i.e., 29.6% on VoP), impacted by an inventory increase (from €1.6mn in FY23 to €2.1mn in FY24), due to the purchase of materials to advance in the production of the 4-seats model, more than offset by: i) upsurge in trade payables (from €278k FY23 to €353k in FY24), ii) decline in trade receivables (from €263k FY23 to €107k in FY24), iii) rise in down payment (from €713k FY23 to €875k in FY24);

Thus, **OpFCF b.t.** (defined as EBITDA Adj.- Tangible and Intangible Capex ± ΔNWC ± Δ Provisions) **stood at ca. €400k**, in spite of negative ΔNWC for ca. €90k.

As regards **Net Cash Position**, it got better to **€1.1mn** vs. €550k and €740k recorded in 1H24 and FY23, respectively, driven by the previously mentioned factors – despite a €91k outlay for share buy-back.

Note that PAG holds cash available at €2.1mn, to be likely devoted to support business operations.

Porto Aviation Group: Cash Flow Structure FY23 – FY24

(€, mn)	FY23	FY24
EBITDA Reported	0.6	0.5
Δ NWC / Δ Provisions	-0.9	-0.1
Capex (excl. Financial Investments)	-0.5	0.0
OpFCF b.t.	-0.8	0.4
<i>As a % of EBITDA Reported</i>	<i>-136.4%</i>	<i>83.0%</i>
Cash Taxes	-0.1	0.0
OpFCF a.t.	-0.9	0.4
Capital Injections	1.6	0.0
Other (incl. Financial Inv.)	0.0	0.0
Net Financial Charges	0.0	0.0
Purchase of Treasury Shares	0.0	-0.1
Δ Net Financial Position	0.6	0.3

Source: Porto Aviation Group, Value Track Analysis

Porto Aviation Group: Balance Sheet FY23 – 1H24 – FY24

(€ mn)	FY23	FY24
Inventories	1.6	2.1
Trade Receivables	0.3	0.1
Other Current Assets	0.5	0.5
Trade Payables	0.3	0.4
Other Payables	1.0	1.1
<i>o/w Down Payments</i>	<i>0.7</i>	<i>0.9</i>
<i>Others</i>	<i>0.2</i>	<i>0.2</i>
Net Working Capital	1.1	1.2
As a % of VoP	29.6%	25.1%
Goodwill	0.0	0.0
Tangibles & Intangibles (ex-Goodwill)	1.4	1.2
Financial assets	0.1	0.1
Net Fixed Assets	1.5	1.3
Provisions	0.2	0.2
Total Capital Employed	2.5	2.3
Group Net Equity	3.2	3.3
Net Fin. Position [Net debt (-) / Cash (+)]	0.7	1.1

Source: Porto Aviation Group, Value Track Analysis

Porto Aviation Group: Net Financial Position Structure FY23 – 1H24 – FY24

(€ mn)	FY23	1H24	FY24
Cash and deposits (+)	0.8	1.1	2.1
Debt to Banks within 12 months (-)	-0.0	-0.0	0.0
Current Net Financial Position	0.7	1.0	2.0
Long term financial credits, i.e., BTP (+)	1.0	0.5	0.5
Debt to Banks over 12 months (-)	-0.1	-0.1	-0.1
Debt to Parent Co. / Other Sh.holders (-)	-0.9	-0.9	-1.4
Non-Current Financial Position	0.0	-0.5	-1.0
Net Fin. Position [Net debt (-) / Cash (+)]	0.7	0.5	1.1

Source: Porto Aviation Group, Value Track Analysis

Forecasted Financials 2025E-28E

As previously noted, FY24 closed well above our expectations, thanks to a strong rebound in 2H which supported better-than-expected performance across margins, FCF and net cash.

However, the go-to-market strategy for the 4-seats model has been revised, with the prototype still under development and the launch now expected in 2027E, targeting the US market. Porto is moving forward with plans to establish a dedicated branch in the US, which will handle final assembly and distribution. Components will be shipped from Italy, while testing and targeted marketing are planned for 2026E, ahead of the commercial rollout from 2027E.

As a result, we are broadly confirming our 2025E–2028E revenue projections, but fine-tuning our assumptions to reflect updated cost structures and the evolving strategic focus. In particular, we highlight:

- ◆ Top Line essentially confirmed, with only marginal adjustments. A shift in the product mix is expected from FY26E due to the one-year postponement of the 4-seats project, now fully aligned with a €4.4mn order signed in July 2024 with a US-based client for 14 RISEN 916SV aircraft (including services and accessories; deliveries scheduled from 2025 through mid-2026E);
- ◆ Higher operating costs, reflecting stepped-up marketing efforts and early-stage inefficiencies related to the ramp-up of the 4-seats model;
- ◆ Capex assumptions broadly unchanged, as we had initially expected the capitalization of R&D expenses to begin in FY24. However, this is now set to start from 2025E, following the continued full expensing of development costs in FY24.

Porto Aviation Group: New vs. Old estimates

(€ mn)	2025E			2026E			2027E		
	Old	New	Change	Old	New	Change	Old	New	Change
Aircrafts Delivered	16	18		24	25		24	21	
o/w 2-seats Risen	16	18	12.5%	21	25	19.0%	16	16	0.0%
4-seats Risen	0	0	nm	3	0	-100.0%	5	5	0.0%
Value of Production (*)	6.2	6.3	1.1%	9.3	9.4	0.5%	10.9	11.0	0.3%
EBITDA Reported	1.0	1.0	-3.3%	2.4	2.3	-2.5%	2.9	2.8	-1.7%
EBITDA Margin (% of VoP)	16.9%	16.2%	-74bps	25.5%	24.7%	-76bps	26.3%	25.8%	-52bps
D&A	-0.4	-0.3	-16.9%	-0.5	-0.4	-12.0%	-0.6	-0.5	-9.8%
EBIT Reported	0.7	0.7	4.9%	1.9	1.9	-0.2%	2.3	2.3	0.3%
EBIT Margin (% of VoP)	10.5%	10.9%	39bps	20.5%	20.3%	-13bps	21.2%	21.2%	0bps
Pre tax profit	0.6	0.7	16.6%	1.6	1.6	3.0%	2.0	2.0	4.1%
Net profit	0.4	0.7	67.9%	1.0	1.1	3.0%	1.3	1.4	4.1%
Net Financial Position	0.1	0.9	0.8	0.0	0.9	0.8	0.9	1.5	0.6
OpFCF a.t.	0.3	0.1	-0.2	0.2	0.3	0.0	1.2	0.9	-0.4

Source: Value Track Analysis, (*) Counting Revenue from Sales, Δ Inventory (including WIP) and Other Revenues

Our new 2025E-28E forecasts can be summarized as follows:

- ◆ Value of Production expected to move from €6.3mn in 2025E to ca. €12.2mn at the end of the forecasted period (ca. 25% CAGR24A-28E);
- ◆ Operating profitability increasing over the next three years with EBITDA and EBIT Margin expected respectively at 26.4% and 22.2% by 2028E;
- ◆ Almost flattering Working Capital dynamics, implying a great operating cash conversion with OpFCF b.t. / EBITDA ratio on average at ~45% over the FY25E-28E period;
- ◆ Net Cash Position to stands at €2.6mn by 2028E year-end.

Porto Aviation Group: 2024A-28E P&L Forecasts

(€, mn)	2024A	2025E	2026E	2027E	2028E
Revenues from Sales	3.8	5.3	7.8	9.5	10.9
Δ WIP and Finished Goods	0.4	0.5	1.1	0.7	0.5
Other Revenues &	0.7	0.3	0.1	0.2	0.2
Δ Fixed Assets	0.0	0.2	0.3	0.5	0.6
Value of Production	4.9	6.3	9.4	11.0	12.2
Raw Materials, Δ Inventory (Raw Materials)	-2.0	-2.2	-3.2	-4.0	-4.5
Gross Profit	2.9	4.0	6.2	7.0	7.7
Costs of Services	-1.0	-1.0	-1.4	-1.4	-1.5
Costs of Rent	-0.1	-0.3	-0.5	-0.5	-0.6
Labour Costs	-1.2	-1.7	-1.9	-2.3	-2.4
EBITDA Reported	0.5	1.0	2.3	2.8	3.2
EBITDA Reported Margin (%)	10.3%	16.2%	24.7%	25.8%	26.4%
D&A (excl. Goodwill)	-0.3	-0.3	-0.4	-0.5	-0.5
Provisions	0.0	0.0	0.0	0.0	0.0
EBIT Reported	0.2	0.7	1.9	2.3	2.7
EBIT Reported Margin (%)	5.0%	10.9%	20.3%	21.2%	22.2%
Pre-Tax Profit	0.3	0.7	1.9	2.3	2.7
Taxes	0.0	0.0	-0.6	-0.7	-0.8
Net Profit	0.2	0.7	1.4	1.7	1.9
Net Profit Margin (%)	4.9%	10.9%	14.7%	15.1%	15.6%

Source: Porto Aviation Group, Value Track Analysis

Porto Aviation Group: 2024A-28E Balance Sheet

(€mn)	2024A	2025E	2026E	2027E	2028E
Net Fixed Assets	1.3	1.7	2.1	2.6	2.9
Net Working Capital	1.2	1.7	2.4	2.7	3.0
Provisions	0.2	0.3	0.3	0.4	0.4
Total Capital Employed	2.3	3.1	4.2	5.0	5.4
Group Net Equity	3.3	4.0	5.1	6.5	8.1
Net Fin. Pos. [Net Debt (-) Cash (+)]	1.1	0.9	0.9	1.5	2.6

Source: Porto Aviation Group, Value Track Analysis

Porto Aviation Group: 2024A-28E Cash Flow Statement

(€mn)	2024A	2025E	2026E	2027E	2028E
EBITDA Reported	0.5	1.0	2.3	2.8	3.2
Δ NWC	-0.1	-0.4	-0.7	-0.3	-0.2
Capex	0.0	-0.5	-0.8	-1.0	-0.8
OpFCF b.t.	0.4	0.1	0.8	1.6	2.3
As a % of EBITDA Reported	83.0%	9.4%	35.5%	54.8%	70.4%
Cash Taxes	0.0	0.0	-0.6	-0.7	-0.8
OpFCF a.t.	0.4	0.1	0.3	0.9	1.4
Capital Injections	0.0	0.0	0.0	0.0	0.0
Others (incl. Financial Inv.)	0.0	-0.3	-0.3	-0.3	-0.3
Capital Injections	0.0	0.0	0.0	0.0	0.0
Net Financial Charges	-0.1	0.0	0.0	0.0	0.0
Δ Net Financial Position	0.3	-0.2	0.0	0.6	1.2

Source: Porto Aviation Group, Value Track Analysis

Valuation

Fair Equity Value unchanged at €6.0 p/s

We confirm PAG's **Fair Equity Value at €6.0 per share**, implying a market capitalization of ca. €14.3mn and an upside of around 60% compared to the current share price. This valuation is based on the average outcome of the two methodologies detailed below:

- ◆ **Valuation @ Maturity**, which applies current peer group multiples (7.6x EV/EBITDA) to PAG's 2026E EBITDA. This approach assumes the company will progressively scale and reach a more mature operating profile by that time. Based on these assumptions, the methodology yields a **fair value of €5.8 p/s**;
- ◆ **Discounted Cash Flow**, which incorporates the company's projected financial performance and assumes the current capital structure remains in place, with a rolling WACC of 11.8%. This approach captures long-term cash generation potential and results in a **valuation of €6.1 p/s**.

At fair value, Porto would trade at **5.8x EV/EBITDA 2026E**. While this multiple appears modest, we believe the company's **strategic positioning** within the aviation value chain is far more relevant. In our view, several global industry players could see greater value in partnering with PAG, rather than developing similar competencies or technologies in-house.

The table below illustrates the sensitivity of key valuation multiples across different fair value scenarios.

Porto Aviation Group: Multiples Sensitivity at Various Stock Price Levels

Fair Equity Value p/s (€)	EV/EBITDA (x)			EV/EBIT (x)			P/E Adj. (x)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
5.70	12.5	5.5	4.6	18.5	6.6	5.6	19.9	12.6	10.0
5.80	12.7	5.6	4.7	18.8	6.8	5.7	20.3	12.8	10.2
5.90	13.0	5.7	4.8	19.2	6.9	5.8	20.6	13.1	10.4
6.00	13.2	5.8	4.9	19.5	7.0	5.9	20.9	13.3	10.6
6.10	13.4	5.9	5.0	19.9	7.1	6.0	21.3	13.5	10.8
6.20	13.7	6.0	5.0	20.2	7.3	6.1	21.6	13.7	10.9
6.30	13.9	6.1	5.1	20.6	7.4	6.2	22.0	13.9	11.1

Source: Value Track Analysis

#1 – Valuation @ Maturity

Stock Market Multiples Benchmark

The whole panel of peers is trading at median **6.0x EV/EBITDA**, **8.5x EV/EBIT**, **9.5x P/E Adj. 2024E**, with Porto trading at ca. **30%-60% discount** on FY26E multiples.

- ◆ **Aircraft Manufacturers** stocks continues showing the most demanding multiples;
- ◆ **Yacht Builders** comparables trade at discount vs. all the other clusters, at a median 4.3x EV/EBITDA 2025E vs. 11.9x of Aircraft Manufacturers stocks;
- ◆ **Luxury Cars Manufacturers** peers trade at ca. 5.9x EV/EBITDA 2025E, but with wide dispersion across the sector: Ferrari trades at 34.8x, while Porsche and Aston Martin are at 5.9x and 5.3x respectively.

Porto Aviation Group: Peers Trading Multiples

Peers	EV/EBITDA (x)		EV/EBIT (x)		P/E Adj. (x)	
	2025E	2026E	2025E	2026E	2025E	2026E
Aircraft Manufacturers						
Boeing	38.7	19.3	>40	26.2	<0	33.8
Textron	8.9	8.0	11.0	10.4	12.0	11.5
Airbus	11.9	10.0	16.6	13.4	24.8	20.1
Average	19.9	12.4	13.8	16.7	18.4	21.8
Median	11.9	10.0	13.8	13.4	18.4	20.1
Yacht Builders						
Sanlorenzo	4.7	4.1	5.9	5.2	9.1	8.6
The Italian Sea Group	3.8	3.1	4.5	3.6	6.7	6.0
Ferretti	3.0	2.4	4.8	3.7	9.1	7.9
Bellini Nautica	6.2	3.4	8.5	4.4	9.5	5.5
Average	4.4	3.3	5.9	4.2	8.6	7.0
Median	4.3	3.3	5.3	4.1	9.1	6.9
Luxury Car Manufacturers						
Ferrari	34.8	30.7	>40	>40	>50	>50
Porsche	5.9	5.3	10.8	9.0	13.3	11.1
Aston Martin Lagonda Global	5.3	4.4	>40	15.7	<0	<0
Average	15.3	13.5	10.8	12.3	13.3	11.1
Median	5.9	5.3	10.8	12.3	13.3	11.1
Total Average	12.3	9.1	8.9	10.2	12.1	13.1
Total Median	6.0	4.9	8.5	9.0	9.5	9.9
Porto Aviation Group	7.9	3.5	11.7	4.2	13.1	8.3
Discount vs. Total Median (%)	31%	-29%	37%	-53%	37%	-16%

Source: Market Consensus, Value Track Analysis

Valuation

Our Valuation at Maturity returns a **Fair Equity Value of €6.0 p/s**, obtained by:

- ♦ Applying Peers' EV/EBITDA 2024A total median (7.6x) to PAG's 2026E EBITDA;
- ♦ Performing the Venture Capital Method on **Porto**. We considered the high execution risk of very early-stage businesses that still need to prove their scalability by applying a 18.5% discount rate.

Porto Aviation Group: Valuation at Maturity in 2026E

Fair Enterprise Value (€mn)	2026E
Fair EV/EBITDA @ Maturity (x)	7.6x
EBITDA	2.3
Fair Enterprise Value @ Maturity	17.7
Net Fin. Position [i.e., Net Debt (-) Cash (+)]	0.9
Fair Equity Value @ Maturity	18.6
Fair Equity Value Today (discounted w/IRR @ 18.5%)	13.8
Number of Shares (mn)	2.8
Fair Equity Value p/s	5.8

Source: Value Track Analysis

#2 – Discounted Cash Flow

Our DCF model is built on a “current” capital structure (with $[\text{Net Debt} / (\text{Net Debt} + \text{BVE})]=0$). The Rolling WACC, estimated using an expanded Capital Asset Pricing Model approach, stands at ca. 11.9%. The key assumptions underlying the calculation include:

- ◆ 2.0% Risk-free rate, consistent with the ECB’s medium-term inflation target;
- ◆ 0.9x unlevered beta in lined with European Air Transport peers (source: *Damodaran*);
- ◆ 5.37% Italian Equity Risk Premium (recently revised up from 5.19%),
- ◆ 5.0% company specific risk (small-cap + low liquidity);
- ◆ Additional 1.5% small-cap market risk premium;
- ◆ Explicit financial statements projections from 2025E up to 2030E and Terminal Value at 2030E obtained applying a 2% Perpetuity Growth Rate (PGR).

That said, the result of our models are reported in the tables below, with Fair Equity Value p/s at **€6.1 p/s**.

Porto aviation Group: DCF Model with Rolling WACC

(€mn, g = 2.0%)	(€mn)
PV of Future Cash-Flows 2025E-2030E	3.4
PV of Terminal Value 2030E (implied EV/EBITDA 26E at 5.8x)	10.1
Fair Enterprise Value	13.5
Net Financial Position 2024A	1.1
Minorities, Other Liabilities / Assets	0.0
Fair Equity Value	14.5
Number of Shares (mn)	2.4
Fair Equity Value p/s	6.1

Source: Value Track Analysis

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