

TPS Group

Sector: Business Services



Analysts

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Positioned to ride the EU defense supercycle

TPS is a B2B tech enabler providing, to top tier industrial groups, highly specialized engineering advisory and design services, including technical publications, cost engineering, avionics software development, components manufacturing, training & certification and digital content management.

FY24: Solid growth and impressive cash generation

TPS's delivered P&L results in line with estimates, while outperforming on cash generation: 1) VoP at €52.3mn (+8.3% y/y), supported by higher volumes in technical and engineering services in the aerospace sector and by the ramp-up of the new components division at the Faggiano (TA) facility; 2) EBITDA at €9.1mn (+4.9 y/y), yet lower margin (-56bps) due to heavier production cost structure and some inflationary pressures, especially on labour; 3) €16.4mn Net Cash (vs. €10.6mn FY23), supported by the collection of trade receivables delayed by key clients as of Dec. '23, by minimal Capex requirements and despite ~€1.3mn cash-out between shares buyback and dividend payments.

Estimate confirmed: ~7.4% CAGR, ~€4.5mn FCF p.a.

In light of an increasingly supportive European defense spending environment, overall results and operational execution remain consistent with our 2025E–26E estimates, requiring only marginal adjustments to labor costs, which is expected to rise modestly to sustain growth. As a result, our updated 2025E–26E financial forecasts are as follows: 1) Top line at €60.4mn in 2026E, (7.4% CAGR_{24A-26E}); 2) EBITDA margin progressively increasing to 17.6% thanks to some efficiency gains following M&A integrations (note that FY24 factored ~€470k extraordinaries); 3) Average annual Free Cash Flow of €4.5mn driving 2026E Net Cash Position at ~€24mn, i.e. ~40% of current stock market capitalization.

Fair value reiterated at €9.75 per share

At the current market price of €7.85, TPS continues to trade at deeply discounted valuation levels, namely 0.6x-0.5x EV/Sales, 3.6x-3.0x EV/EBITDA on 2025E–26E estimates, corresponding to an attractive 20-25% operating FCF yield. Despite a higher equity risk premium and an increase in the sector's Beta (as per Damodaran's January update), we reiterate our fair value of €9.75 per share, which is supported by a broader sector re-rating and unchanged medium-to long-term growth potential.

Worth noting, 30% of the current Equity Value is represented by the significant cash position.

Fair Value (€)	9.75
Market Price (€)	7.85
Market Cap. (€m)	57.0

KEY FINANCIALS (€m)	2024	2025E	2026E
REVENUES	52.3	56.3	60.4
EBITDA	9.1	9.9	10.7
EBIT	6.7	7.6	8.2
NET PROFIT	4.2	5.0	5.4
EQUITY	34.3	39.2	44.1
NET CASH POSITION	16.4	20.1	23.8
EPS ADJ. (€)	0.68	0.69	0.75
DPS (€)	0.08	0.08	0.10

Source: TPS Group (historical figures),
Value Track (2025E–26E estimates)

RATIOS & MULTIPLES	2024	2025E	2026E
EBITDA MARGIN (%)	17.4	17.5	17.6
EBIT MARGIN (%)	12.8	13.4	13.5
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	nm	nm	nm
EV/SALES (x)	0.6	0.6	0.5
EV/EBITDA (x)	3.5	3.6	3.0
EV/EBIT (x)	4.8	4.7	3.9
P/E ADJ. (x)	10.0	11.4	10.5

Source: TPS Group (historical figures),
Value Track (2025E–26E estimates)

STOCK DATA

FAIR VALUE (€)	9.75
MARKET PRICE (€)	7.85
SHS. OUT. (m)	7.3
MARKET CAP. (€m)	57.0
FREE FLOAT (%)	16.4
AVG. -20D VOL.	2,938
RIC / BBG	TPS.MI / TPS IM
52 WK RANGE	6.15 – 8.05

Source: Stock Market Data



Business Description

TPS is a B2B tech enabler providing highly specialized engineering advisory and design services to top tier industrial groups. Within the scope of its offering, TPS writes technical publications, implements cost engineering activities, develops proprietary software for avionics systems, designs and manufactures parts and components, trains and certifies aircraft technical maintainers, and offers digital content management services.

Key Financials

€mn	2023	2024	2025E	2026E
Value of Production	48.3	52.3	56.3	60.4
Chg. % YoY	28.6%	8.3%	7.7%	7.2%
EBITDA	8.7	9.1	9.9	10.7
EBITDA Margin (%)	17.9%	17.4%	17.5%	17.6%
EBIT	6.7	6.7	7.6	8.2
EBIT Margin (%)	13.8%	12.8%	13.4%	13.5%
Net Profit	3.3	4.2	5.0	5.4
Chg. % YoY	-2.9%	26.9%	17.9%	8.4%
Adjusted Net Profit	4.8	4.9	5.0	5.4
Chg. % YoY	39.1%	3.1%	1.3%	8.4%
Net Cash. Position	10.6	16.4	20.1	23.8
Net Cash Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-2.8	-2.3	-3.2	-3.3
OpFCF b.t.	0.7	9.5	6.4	6.9
OpFCF b.t. as % of EBITDA	7.9%	104.0%	65.1%	64.7%

Source: TPS Group (historical figures), Value Track (estimates)

Investment case

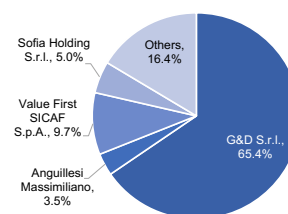
Strengths / Opportunities

- ◆ Human capital is TPS most strategic asset, with ca. 94% of workforce being composed by university/high-school graduates;
- ◆ Strong ties with clients, all top tier multinationals active in the A&D and Automotive sectors, often dating back to the Company's foundation;
- ◆ Strongly cash-generative business model with very low capital requirements;
- ◆ A&D/automotive markets growth rates expected to remain positive.

Weaknesses / Risks

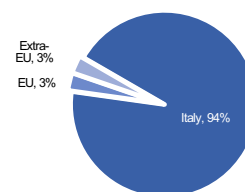
- ◆ Revenue concentration on a very few clients, with top 5 customers accounting for ca. two thirds of FY23 revenues;
- ◆ Challenges in attracting qualified workforce may still limit TPS' potential for sustained growth.

Shareholders Structure



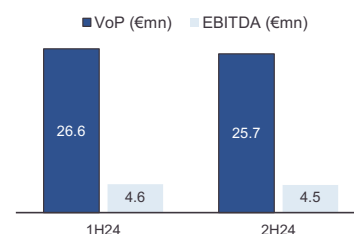
Source: TPS Group

Sales by geography (Last avail., '23)



Source: TPS Group

VoP & EBITDA (1H24-2H24)



Source: TPS Group

Stock multiples @ €9.75 Fair Value

	2025E	2026E
EV / SALES (x)	0.9	0.8
EV / EBITDA (x)	5.0	4.3
EV / EBIT (x)	6.5	5.6
EV / CAP.EMP. (x)	2.6	2.3
OpFCF Yield (%)	15.5	17.8
P / E (x)	14.1	13.0
P / BV (x)	1.9	1.7
Div. Yield. (%)	0.8	1.0

Source: Value Track

FY24 Results

Introduction

TPS's FY24 results are sound and **very much in line with our full-year estimates**, showing solid growth (VoP +8.3% y/y) with the contribution of the newly added companies and resilient margins, though impacted by: i) a heavier cost structure associated with production assets; ii) some non-recurring costs related to the reorganization of the digital content management area and the partial repositioning of the automotive engineering division. Cash generation was robust, benefitting from the normalization of trade receivable collections from key clients, which - we remind - had been deferred at the end of FY23. Notably, with no M&A activity, TPS maintains **minimal Capex requirements** (<5% of VoP), further strengthening its cash generation capability.

TPS Group: Key Financials FY23-FY24

(€, mn)	FY23	FY24	Δ YoY (%)
Value of Production	48.3	52.3	8.3%
EBITDA	8.7	9.1	4.9%
<i>EBITDA Margin (%)</i>	<i>17.9%</i>	<i>17.4%</i>	<i>-56bps</i>
EBIT	6.7	6.7	0.4%
<i>EBIT Margin (%)</i>	<i>13.8%</i>	<i>12.8%</i>	<i>-100bps</i>
Net Profit	3.3	4.2	26.9%
Net Cash Position	10.6	16.4	5.9mn

Source: TPS Group, Value Track Analysis

Top Line accelerates, margins softened but still healthy

In FY24, TPS did not carry out new acquisitions, though a small M&A contribution came from the full-year consolidation of S.Te.L. and Omniaproject Engineering (only partially included in FY23). The additional impact was limited (<€1mn, we estimate) and had minimal effect on the overall growth profile. FY24 figures were released as follow. That said, FY24 figures were released as follows:

- ◆ **Value of Production at €52.3mn** (+8.3% y/y), with growth driven by higher volumes of technical and engineering services in the aerospace sector – where clients initiated several new key projects – and by the ramp-up of the new components division at the Faggiano (TA) Facility. Additional growth opportunities were noted in the energy and heavy machinery sectors, while automotive remained subdued as mass market clients are relocating their engineering projects in lower-cost geographies;
- ◆ **EBITDA at €9.1mn**, (+4.9% y/y) with a slight margin contraction (-56bps y/y) due to inflationary pressures on raw materials, services, and especially and labor costs (+9% y/y), followin wage adjustments under the industry labour agreement, as well as recent acquisitions, which are yet to secure some efficiency gains. Notably, HB Technology - being less labour-intensive - contributed to a higher share of service-related costs within the Opex structure, though the overall cost mix remained broadly stable;
- ◆ **Net Profit at €4.2mn** (+26.9% y/y), despite €468k in non-recurring costs related to the reorganization of the business communication division of Satiz Technical Publishing & Multimedia and the partial repositioning of the automotive engineering division, as well as higher D&A (+20% y/y) from newly acquired assets.

TPS Group: Profit & Loss FY23-FY24

(€, mn)	FY23	FY24	Δ YoY (%)
Value of Production	48.3	52.3	8.3%
Raw Materials, Δ Inventory (Finished Goods)	-1.9	-2.1	7.8%
Gross Profit	46.4	50.2	8.3%
Gross Margin (%)	96.0%	96.0%	2bps
Costs of Services	-10.7	-11.5	7.4%
Labour Costs	-27.0	-29.4	9.0%
EBITDA	8.7	9.1	4.9%
EBITDA Margin (%)	17.9%	17.4%	-56bps
D&A (excl. Goodwill)	-1.9	-2.4	23.6%
Provisions	-0.1	0.0	-100.0%
EBIT	6.7	6.7	0.4%
EBIT Margin (%)	13.8%	12.8%	-100bps
Interest Expenses	-0.2	0.0	-85.4%
Other Non-Operating Income/Expenses	-1.3	-0.5	-64.7%
Taxes	-1.6	-1.7	5.9%
Minorities	-0.2	-0.2	11.0%
Net Profit	3.3	4.2	26.9%
Net Profit Margin (%)	6.9%	8.1%	119bps

Source: TPS Group, Value Track Analysis

Impressive Cash Conversion thanks to low Capex and NWC release

Op.FCF_{b.t.} stood at an outstanding €9.5mn (vs. €9.1 EBITDA), positively affected by:

- ◆ **Normalization of NWC Dynamics** (€2.6mn release, including provision), largely reflecting the collection of trade receivables from key clients whose payments had been delayed at FY23 year-end (Trade Receivables at €23mn FY23, vs. €20mn FY24);
- ◆ **Limited Capex** (€2.4mn), which in absence of M&A stood at <5% of Value of Production;

The generated cash was partially allocated to finance €0.5mn in share buybacks and €0.8mn dividends, which alongside €1.7mn taxes resulted in a **€16.4mn Net Cash Position as of FY24**.

TPS Group: Balance Sheet FY23-FY24

(€, mn)	FY23	FY24	Δ YoY (%)
Net Fixed Assets	11.0	10.9	-0.9%
Net Working Capital	15.5	13.1	-15.7%
Provisions	6.0	6.2	2.8%
Total Capital Employed	20.6	17.9	-13.2%
Group Net Equity	31.1	34.3	10.1%
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	10.6	16.4	+5.9mn

Source: TPS Group, Value Track Analysis

TPS Group: Cash Flow Statement FY23-FY24

(€, mn)	FY23	FY24	Δ YoY (%)
EBITDA	8.7	9.1	4.9%
Δ NWC	-6.8	2.4	nm
Capex (excl. Financial Inv.)	-2.8	-2.3	nm
Δ Provisions	1.6	0.2	nm
OpFCF b.t.	0.7	9.5	nm
Cash Taxes	7.9%	104.0%	nm
Others (incl. Financial Inv.)	-1.6	-1.7	5.9%
Net Financial Charges	-2.8	-1.3	nm
Dividends Paid	-0.8	-0.6	nm
Free Cash Flow	-5.0	5.9	+10.9mn

Source: TPS Group, Value Track Analysis

What's New

#1 Market: EU Defense Plans support a favorable mid-to long term outlook

Recent announcements underscore the European Union's intent to strengthen its common defense posture through substantial increases in defense spending. The **"ReArm Europe" initiative aims to mobilize €800bn**, complemented by other incentives (e.g., the ability to exceed deficit limits if directed at defense). Concurrently, the **"Readiness 2030"** plan envisions a long-term framework for heightened defense coordination, increased R&D, and **development of homegrown European defense technologies**. In this context, we highlight that:

- ◆ **Italy is expected to ramp up its investments**, currently below 1.5% of GDP, with European proposals aiming for a target of 3–3.5%. Based on a ~€2.0tn GDP, even a move to 2.0% would imply an additional €8–10bn annually in defense expenditure;
- ◆ **Major domestic players**, such as Leonardo, Fincantieri, and Avio are expected to capture the bulk of this additional €8–10bn annual budget through new orders and strategic programs, with spending cascading down the entire defense value chain;
- ◆ **TPS stands to benefit from heightened demand across the supply chain**, especially given its existing relationships with key players.

#2 Business Development: Many actions taken in FY24, and early FY25 milestones

TPS's **FY24** performance confirms the strategic directions outlined in our latest update (October, post 1H24 results), with continued focus on core industrial and organizational initiatives:

- ◆ **Production centralization:** TPS continued to implement the industrial integration plan launched in 2023, with the full operational consolidation of acquired entities into the Faggiano plant. This facility has now become the Group's main production hub, supporting both manufacturing and engineering activities through an optimized technical and commercial setup;
- ◆ **Strategic projects:** The Group remains actively engaged in large-scale A&D programs, which are prompting a progressive reconfiguration of the supply chain across both components and engineering services. Conversely, market weakness in the automotive sector persists, with ongoing pressure from offshoring of engineering demand to lower-cost countries. In response, TPS is redeploying some of its automotive engineers into adjacent and synergistic sectors;
- ◆ **Innovation and R&D:** Collaborations with academic and industrial partners continued, including development of aeronautical interiors, additive manufacturing processes, and next-gen cable and assembly techniques. Key projects included developing a modular medical interior for the AW109 helicopter, advancing EASA certification for additive manufacturing components, and redefining aeronautical assembly and cable production processes. Additional work was carried out on defense vehicle systems, **AI-based document tools**, and internal process digitization.
- ◆ **Talent development:** In FY24, TPS Group continued the activities of its TPS Training Academy, established in 2021 to address shifting labor market conditions. During the period, the Academy provided various specialized training programs aimed at recent graduates and science diploma holders, delivering a total of **15,606 training hours**, ca. 25.8 hours per employee.

As for **FY25**, TPS expects further organic growth coming from engineering, avionics development, and aeronautical manufacturing, and stated that it will keep focusing on **new opportunities for organic and external growth**. Among the first steps taken in 2025, Aviotrace Swiss SA established **Aviotrace Morocco Inc.** (fully owned) in March, with the goal of extending its technical training offerings for aviation maintenance professionals into the North African market.

Growth Strategies

TPS' growth strategy is anchored to three main pillars and involve the following.

- 1) **Targeted M&A:** The Group emphasizes that its solid **cash reserve is intended for further acquisitions** in sectors that are attractive for the development of the subsidiaries (production of components, avionics maintenance, heavy vehicles). Recently, TPS is evaluating several opportunities in Aeronautics, Railway, and Industrial Automation;
- 2) **International expansion:** Building on its existing footprint, the Group remains focused on deepening its presence in key global markets. In particular, the United States—where HB Technology maintains an office in Philadelphia—represents a priority for expanding client relationships and leveraging cross-border synergies within advanced engineering services;
- 3) **Expansion of the service portfolio:** TPS is further refining its portfolio of high-value technical services, focusing on: i) Cost engineering and avionics software development, bolstered by increasingly stringent **cybersecurity** protocols; ii) Advanced Industry 4.0 technologies, such as **augmented reality** applications aimed at enhancing operational efficiency; iii) Integration of **AI-driven solutions for technical publications**, for which an internal research team was formed, and although in early phases, is intended to boost cost efficiency and optimize workflows. At the same time, the Group is evaluating opportunities to enter adjacent industries (e.g., automotive, rail, naval, and specialized aerospace services) where its capabilities can provide a competitive edge and unlock meaningful synergies.

2025E-26E estimates

We largely confirm our 2025E–26E estimates, with only marginal adjustments to labor costs, expected modestly rise to support growth. As a result, our 2025E– 26E forecasts are as follows:

- ◆ **Revenues** at €60.4mn in 2026E, and growing at mid-single-digit pace (7.4%CAGR24A-26E). Growth is expected to come mainly from: 1) key clients, where positive developments have been noted (higher order intake, backlog and expected investments) and several multi-year framework agreements have been already signed; 2) segments such as engineering, avionic developments, and the production of aeronautical parts and components, with positive early trends in FY24;
- ◆ **EBITDA margins** expected to converge to 17.6% in 2026E, thanks to some efficiency gains following the integration of HB and other acquired companies;
- ◆ Average **Free Cash Flow** per annum at €4.5mn driving 2026E **Net Cash Position** at ca. €24mn, i.e. some 40% of current stock market capitalization.

TPS: Old vs. New Estimates 2025E-26E

€mn	2025E			2026E		
	Old	New	Δ(%)	Old	New	Δ(%)
Value of Production	56.3	56.3	0%	60.4	60.4	0%
EBITDA	10.1	9.9	-2%	11.1	10.7	-4%
<i>EBITDA Margin (%)</i>	<i>18.0%</i>	<i>17.5%</i>	<i>-44 bps</i>	<i>18.3%</i>	<i>17.6%</i>	<i>-71 bps</i>
EBIT	7.7	7.6	-2%	8.2	8.2	-1%
<i>EBIT Margin (%)</i>	<i>13.7%</i>	<i>13.4%</i>	<i>-27 bps</i>	<i>13.6%</i>	<i>13.5%</i>	<i>-10 bps</i>
Net Profit	5.1	5.0	-1%	5.4	5.4	0%
Net Fin. Position	20.0	20.1	0.1	24.0	23.8	-0.2

Source: Value Track Analysis

TPS Group: Profit & Loss 2023A-26E

(€, mn)	2023A	2024A	2025E	2026E
Value of Production	48.3	52.3	56.3	60.4
Raw Materials, Δ Inventory (Finished Goods)	-1.9	-2.1	-2.3	-2.4
Costs of Services	-10.7	-11.5	-12.4	-13.3
Labour Costs	-27.0	-29.4	-31.7	-33.9
EBITDA	8.7	9.1	9.9	10.7
EBITDA Margin (%)	17.9%	17.4%	17.5%	17.6%
D&A (excl. goodwill)	-1.9	-2.4	-2.3	-2.4
Provisions	-0.1	0.0	0.0	-0.1
EBIT	6.7	6.7	7.6	8.2
EBIT Margin (%)	13.8%	12.8%	13.4%	13.5%
Interest Expenses	-0.2	0.0	0.0	0.1
Other Non-Operating Income/Expenses	-1.3	-0.5	0.0	0.0
Taxes	-1.6	-1.7	-2.3	-2.5
Minorities	-0.2	-0.2	-0.3	-0.3
Net Profit	3.3	4.2	5.0	5.4

Source: TPS Group, Value Track Analysis

TPS Group: Cash Flow Statement 2023A-26E

(€mn, IAS IFRS)	2023A	2024A	2025E	2026E
EBITDA	8.7	9.1	9.9	10.7
Δ Net Working Capital	-6.8	2.4	-0.6	-0.8
Capex	-2.8	-2.3	-3.2	-3.3
Δ Provision	1.6	0.2	0.4	0.4
OpFCF b.t.	0.7	9.5	6.4	6.9
As a % of EBITDA	7.9%	104.0%	65.1%	64.7%
Cash Taxes	-1.6	-1.7	-2.3	-2.5
Others (incl. Financial Inv.)	-2.8	-1.3	0.1	-0.2
Net Financial Charges	-0.2	0.0	0.0	0.1
Dividends Paid	-0.6	-0.6	-0.6	-0.6
Net Cash Generated (Absorbed)	-5.0	5.9	3.7	3.7

Source: TPS Group, Value Track Analysis

TPS Group: Balance Sheet 2023A-26E

(€mn, IAS IFRS)	2023A	2024A	2025E	2026E
Net Fixed Assets	11.0	10.9	11.8	12.7
Net Working Capital	15.5	13.1	13.7	14.5
Provisions	6.0	6.2	6.5	6.9
Total Capital Employed	20.6	17.9	19.0	20.3
Group Net Equity	31.1	34.3	39.2	44.1
Net Fin. Position [i.e. Net Debt (-) Cash (+)]	10.6	16.4	20.1	23.8

Source: TPS Group, Value Track Analysis

Valuation Update

We **reiterate our fair value estimate of €9.75 per share**, implying 0.9x–0.8x EV/Sales and 5.0x–4.3x EV/EBITDA on 2025E–26E estimates. At these levels, the stock still trades at a discount relative to both domestic and international peers.

Our fair value is the combined effect of:

- ◆ **DCF model** at €10.0 p.s. (from €10.4 p.s.), that factors a higher Equity Risk Premium (updated from 5.2% to 5.4%, Damodaran) and Unlevered Beta for A&D Sector (from 0.89x to 1.07x);
- ◆ **Peers Analysis** at €9.5 p.s. (from €9.1 p.s.), subject to a mild sector rerating driven more by peers' estimate cut than any actual share price appreciation, as the relevant sector has declined roughly 3% since our last update on October '24.

TPS Group: stock multiples at current market price and at fair value

Per Share	EV/Sales		EV/EBITDA		EV/EBIT		P/E Adj.	
	2025	2026	2025	2026	2025	2026	2025	2026
€ 7.85	0.6	0.5	3.6	3.0	4.7	3.9	11.4	10.5
€ 9.75	0.9	0.8	5.0	4.3	6.5	5.6	14.1	13.0

Source: Value Track Analysis

TPS Group: Peers' Trading Multiples

Peers	Mkt Cap (€mn)	EV / EBITDA (x)		EV / EBIT (x)		P / E Adj. (x)	
		2025	2026	2025	2026	2025	2026
International Peers							
Alten	3,149	6.5	5.7	8.0	6.9	12.4	11.2
Sogecclair	73	5.2	4.3	10.4	8.2	11.7	9.9
Bertrandt Group	235	4.9	2.9	14.0	5.1	15.8	5.0
EDAG Engineering Group	171	6.0	4.5	15.1	9.0	16.7	7.3
Ricardo PLC	198	6.8	6.8	11.0	10.5	32.6	20.8
Arcadis	4,225	8.3	6.8	10.3	8.6	14.3	12.2
EU Tech Enablers - Average	1,342	6.3	5.2	11.5	8.1	17.3	11.1
EU Tech Enablers - Median	217	6.2	5.1	10.7	8.4	15.1	10.6
Domestic Peers							
TXT e-solutions	373	8.7	7.3	11.5	9.5	14.9	12.4
Star7	59	4.7	4.0	6.2	5.1	9.2	7.5
Reti	22	7.5	6.4	10.7	8.8	12.6	10.8
TNXT	422	6.3	4.9	9.6	7.3	14.3	11.1
Spindox	56	5.6	4.5	9.1	6.5	21.5	12.4
Reply	5,640	11.6	10.3	14.0	12.3	22.3	20.2
ITA Tech Enablers - Average	2,848	8.6	7.4	11.5	9.4	21.9	16.3
ITA Tech Enablers - Median	216	6.9	5.7	10.1	8.1	14.6	11.8
Total Average	1,219	6.8	5.7	10.8	8.2	16.5	11.7
Total Median	217	6.4	5.3	10.6	8.4	14.6	11.2

Source: Market Consensus, Value Track Analysis

Discounted Cash Flow Model

Our DCF model with “Rolling capital structure” is now based on the following assumptions:

- ◆ Time horizon for explicit forecasts is 2026E - 30E;
- ◆ 2.0% Risk Free Rate in line with medium term inflation target;
- ◆ Unlevered Beta at 1.07 for Europe Aerospace & Defense (Source: Damodaran);
- ◆ Implied Italian Equity Risk premium at 5.4% (Source: Damodaran);
- ◆ 2.5% Company specific Risk Premium, as result of 2.0% small-size risk premium and 0.5% client concentration risk premium;
- ◆ 4.0% Pre-Tax Cost of Debt, supported by an optimal interest coverage ratio;
- ◆ 1% Perpetuity Growth Rate (“g”).

TPS Group: DCF Model with Rolling Capital Structure

(€mn, g = 1.0%)	(€mn)
PV of Future Cash-Flows 2026E-2030E	15.4
PV of Terminal Value 2030E	36.0
Fair Enterprise Value	51.4
Net Cash Position 2025E	20.1
Treasury shares @ 7.85 Mkt value	1.1
100% Fair Equity Value	72.7
Fair Equity Value p.s. (€)	10.0

Source: Value Track Analysis

Appendix - M&A Milestones

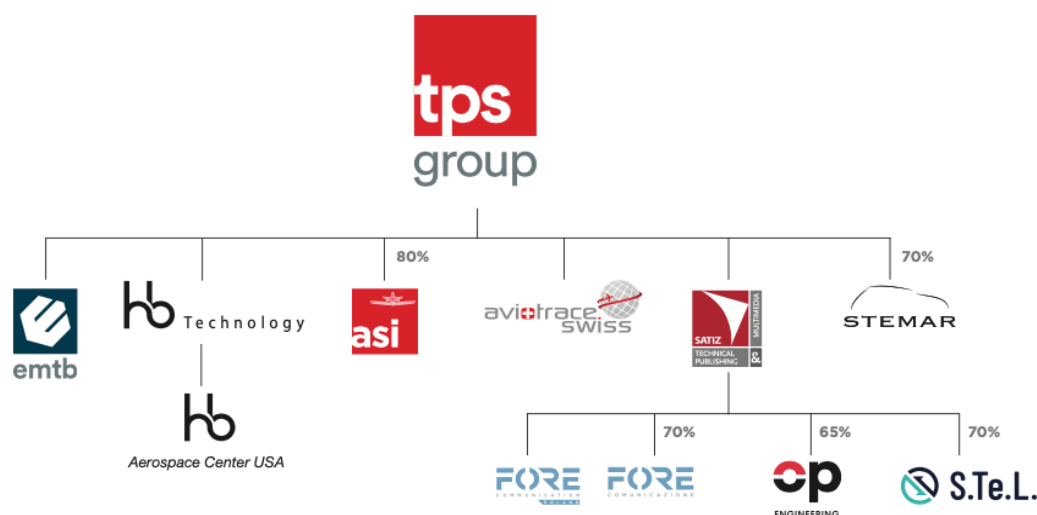
Growing by acquisition is not new to TPS as in the past years the company undertook a steady path of business diversification/expansion, led by a series of successful acquisitions:

- ◆ **December 2013:** 51% stake of Neos Srl (raised to 100% in subsequent years);
- ◆ **October 2015:** 100% stake of Adriatech Srl;
- ◆ **June 2017,** 100% stake of ICB;
- ◆ **September 2017:** 100% stake of Stemar Consulting. This deal marks the first business diversification by entering into the automotive market;
- ◆ **September 2018:** Satiz TPM is integrated by contribution in kind. The ownership of Satiz TPM was previously held by the same controlling shareholders of TPS;
- ◆ **March 2019:** 80% stake of Dead Pixel (raised to 100% in July 2022);
- ◆ **September 2019:** 100% stake of EMTB;
- ◆ **July 2021:** 80% stake of ASI Srl.

Recently, M&A activity has resumed and in the latest two years TPS finalized the following deals:

- ◆ **December 2022:** 70% stake of Fore Srl;
- ◆ **June 2023:** 100% stake of HB Technology Srl;
- ◆ **July 2023:** 70% stake of S.te.l. Srl (through Satiz Technical Publishing & Multimedia);
- ◆ **November 2023:** 65% stake in Omniaproject Engineering Srl.

TPS Group: Group structure as of today



Source: TPS, Value Track analysis

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