

TPS GROUP

Business Services

Resilience against headwinds

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.

1H25: Car sector crisis offset by costs efficiencies

TPS's 1H25 results demonstrate the company's resilience to adverse macroeconomic headwinds but are a bit short vs. our full year ests. at the top line and bottom line levels while substantially in line on operating profitability thanks to costs efficiencies. Key points:

1. Top Line (-3.7% y/y) suffering from the crisis of the Automotive industry, only partially offset by A&D. The shift of some orders to 2H has also impacted negatively;
2. Operating Profitability supported by costs efficiencies (EBITDA margin from 17.3% to 18%, EBITDA at €4.6mn, flat y/y), allowing Net Profit not to suffer too much (-7.7% y/y at €2.0mn, mainly due to higher D&A charges and to some non-recurring costs);
3. Cash generation robust despite an R&D expenses increase (ca. €700k). With no M&A, TPS maintains minimal Capex requirements (<5% of VoP), driving Op.FCFb.t. at €4.0mn, (87% of EBITDA).

25E-27E P&L ests. down, cash generation untouched

In response to market dynamics, TPS is focusing on fine tuning initiatives such as: 1) Expansion of the service portfolio, 2) Production centralization, 3) Innovation and R&D, 4) Talent development, 5) Administrative reorganization. Structural growth strategy involve the following: 1) Targeted M&A, International expansion, Adjacent industries penetration.

As a result of the short term pressure on automobile OEM clients, we are adopting a more cautious approach on 2025E-26E P&L (VoP and Net Profit ests. down on average by ca. 7% and 11% per annum respectively), while maintaining the Net Cash Position unchanged as the lower EBITDA is matched by a tight control on Net Working Capital and on maintenance Capex. Our updated 2025E- 27E forecasts are as follows: 1) VoP growing at 4.0% CAGR_{24A-27E}; 2) EBITDA margins to remain close to 18% in the whole period; 3) EBITDA in absolute value growing by ca. 5% per annum, up to €10.5mn in 2027E; 4) Average Free Cash Flow per annum at €3.4mn driving 2027E Net Cash Position at ca. €26.5mn, i.e. some 50% of current stock market capitalization.

Fair value reiterated at €9.75 per share

At the current €7.05 market price of TPS trade at deeply discounted valuation levels, namely 3.2x-2.6x EV/EBITDA on 2025E-26E estimates, close to 30% OpFCF yield. We confirm our €9.75 fair value p.s. and we note that 40% of Mkt Cap is represented by the Cash position.

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FAIR VALUE (€)	9.75
MARKET PRICE (€)	7.05
MARKET CAP (€mn)	51.2

KEY FINANCIALS	FY24	FY25E	FY26E
VALUE OF PRODUCTION	52.3	52.2	55.7
EBITDA	9.1	9.2	10.0
EBIT	6.7	6.5	7.2
NET PROFIT	4.2	4.4	5.0
GROUP NET EQUITY	34.3	38.5	42.9
NET DEBT (-) / NET CASH (+)	16.4	20.3	24.1
EPSADJ.	0.68	0.66	0.68
DPS	0.08	0.08	0.11

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

RATIOS AND MULTIPLES	FY24	FY25E	FY26E
EBITDA MARGIN (%)	17.4	17.7	17.9
EBIT MARGIN (%)	12.8	12.5	12.9
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / NET EQUITY (x)	0.0	0.0	0.0
ROE (%)	12.7	11.6	11.9
EV / SALES (x)	0.61	0.57	0.47
EV / EBITDA (x)	3.5	3.2	2.6
EV / EBIT (x)	4.8	4.6	3.6
P / EADJ. (x)	10.0	10.7	10.3

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

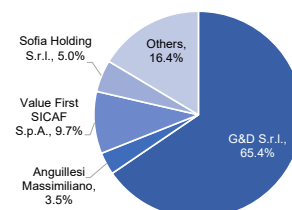
STOCK DATA	
MARKET PRICE (€)	7.05
NOSH (mn)	7.3
MARKET CAP (€mn)	51.2
ENTERPRISE VALUE (€mn)	29.8
FREE FLOAT (%)	34.6
AVG L30D VOLUME ('000)	2,005
RIC / BBG	TPS.MI/TPS.IM
52 WK MAX - MIN (€)	6.15-8.05

Source: Stock Market Data

Description

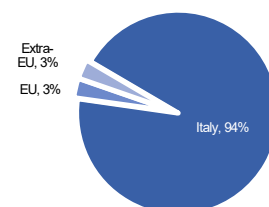
TPS is a B2B tech enabler providing highly specialized engineering advisory and design services to top tier industrial groups. Within the scope of its offering, TPS writes technical publications, implements cost engineering activities, develops proprietary software for avionics systems, designs and manufactures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

SHAREHOLDERS' STRUCTURE



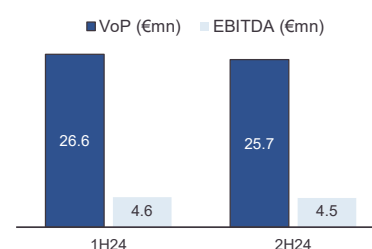
Source: TPS Group

REVENUES BY GEOGRAPHY



Source: TPS Group, 1H25

VoP & EBITDA (1H24-2H24)



Source: TPS Group, FY23

STOCK MULTIPLES @ FV	FY25E	FY26E
EV / SALES (x)	0.94	0.81
EV / EBITDA (x)	5.3	4.6
EV / EBIT (x)	7.5	6.3
EV / CAP. EMPLOYED	2.7	2.4
OpFCF Yield (%)	16.9	16.9
P / E (x)	14.8	14.3
P / BV (x)	1.9	1.7
Dividend Yield (%)	0.8	1.1

Source: Value Track Analysis

Financial Highlights

KEY FINANCIALS (IT GAAP, €mn)	FY24	FY25E	FY26E	FY27E
Value of Production	52.3	52.2	55.7	58.9
y/y (%)	8.3	-0.3	6.8	5.7
EBITDA	9.1	9.2	10.0	10.5
EBITDA Margin (%)	17.4	17.7	17.9	17.9
EBIT	6.7	6.5	7.2	7.9
EBIT Margin (%)	12.8	12.5	12.9	13.5
Net Profit	4.2	4.4	5.0	5.5
y/y (%)	26.9	2.8	13.5	10.4
Adj. Net Profit	4.9	4.8	5.0	5.5
y/y (%)	3.1	-3.0	3.3	10.4
Net Fin. Position [Net Debt (-) / Cash(+)]	16.4	20.3	24.1	26.5
Net. Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-2.3	-2.2	-2.9	-2.9
OpFCF b.t.	9.5	7.2	6.6	5.6
OpFCF b.t. / EBITDA (%)	104.0	77.8	65.8	53.0

Source: TPS Group, Value Track Analysis

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.

1H25 Financial Results

Key Figures & Messages

TPS's 1H25 results demonstrate the company's resilience to some adverse macroeconomic headwinds but are a bit short vs. our full year estimates at the top line and bottom line levels while substantially in line on operating profitability (and a bit better in terms of EBITDA margin) thanks to costs efficiencies. Key points:

4. Top Line suffering from the crisis of the Automotive industry, only partially offset by A&D;
5. Operating Profitability supported by costs efficiencies, allowing bottom line not to suffer too much;
6. Cash generation robust despite a slight increase in capex. Notably, with no M&A activity, TPS maintains minimal Capex requirements (<5% of VoP), further strengthening its cash generation capability.

TPS Group: Key Financials 1H24-1H25

Key Financials (IT GAAP, €mn)	1H24	1H25	y/y
Value of Production	26.6	25.6	-3.7%
EBITDA	4.6	4.6	0.1%
EBITDA Margin (%)	17.4%	18.0%	+68bps
EBIT	3.5	3.3	-5.7%
EBIT Margin (%)	13.1%	12.8%	-27bps
Net Profit	2.2	2.0	-7.7%
Net Cash Position	14.4	17.9	+3.5mn

Source: TPS Group, Value Track Analysis, (*) FY24

Top Line suffering from the crisis of the Automotive industry, only partially offset by A&D

In 1H25, TPS Group achieved organic growth in the aeronautics, energy, and cable transport sectors, partially offsetting the downturn in automotive, impacted by weaker OEM design demand and reduced digital communication services. The shift of some orders to 2H has also impacted negatively.

Operating Profitability supported by costs efficiencies, allowing stability of the bottom line

Through effective management and workforce retraining, the Group improved its operating margin from 17.3% to 18%, allowing bottom line not to suffer too much versus 1H24. More in details:

- EBITDA stood at €4.6mn, pretty flat y/y with a slight margin improvement to 18% thanks to some efficiency gains and the professional retraining of a large portion of the workforce previously employed in the automotive sector, and despite inflationary pressures on labor costs following wage adjustments under the industry labour agreement;
- Net Profit stood at €2.0mn (-7.7% y/y), mainly due to higher D&A charges and to some non-recurring costs related to the reorganization of the business / partial repositioning of the automotive engineering division.

Cash generation robust despite a slight increase in capex

TPS continued investing in new technologies to enhance aeronautics component production and expanded its aeronautical training business by establishing a new company in Morocco to strengthen its North African presence. Overall, R&D expenses accounted for some €700k in 1H25 and are due to continue in 2H.

However, capex remains well under control. Indeed, in absence of M&A it stood at <5% of Value of Production driving Op.FCFb.t. at €4.0mn, i.e. some 87% of EBITDA, partially allocated to finance €0.8mn dividends, and to pay taxes. All in all, Free cash flow stood at €1.5mn driving Net Cash Position at €17.9mn.

Financial Statements 1H23-1H25

TPS Group: P&L 1H23-1H25

(€mn)	1H23	1H24	1H25	y/y
Revenues from Sales	22.1	25.8	24.9	-3.5%
Other Revenues	0.6	0.7	0.7	-8.9%
Value of Production	22.8	26.6	25.6	-3.7%
Raw Materials (incl. Δ Inventory)	-0.9	-0.7	-1.2	76.7%
Costs of Services	-4.7	-6.7	-5.0	-25.8%
Costs of Rent	0.0	0.0	0.0	n.m.
Labour Costs	-12.9	-14.5	-14.8	2.2%
Other Costs	0.0	-0.10	-0.04	-56.1%
EBITDA	4.4	4.6	4.6	0.1%
<i>EBITDA Margin (%)</i>	<i>19.2%</i>	<i>17.4%</i>	<i>18.0%</i>	<i>+68bps</i>
D&A	-0.9	-1.1	-1.3	17.9%
EBIT	3.4	3.5	3.3	-5.7%
<i>EBIT Margin (%)</i>	<i>15.1%</i>	<i>13.1%</i>	<i>12.8%</i>	<i>-27bps</i>
Net Financial Charges	0.0	0.1	0.0	n.m.
Taxes	-0.9	-0.9	-0.9	-5.2%
Minorities	-0.1	-0.2	-0.2	-9.2%
Net Profit	1.9	2.2	2.0	-7.7%

Source: TPS Group, Value Track Analysis

TPS Group: Balance Sheet 1H23-1H25

(€mn)	1H23	1H24	1H25
Net Fixed Assets	10.1	11.8	12.5
Net Working Capital	10.7	12.8	12.7
Provisions	6.0	5.9	6.4
Total Capital Employed	14.9	18.7	18.9
Group Net Equity	29.8	32.1	35.7
Net Financial Position	15.0	14.4	17.9

Source: TPS Group, Value Track Analysis

TPS Group: CF Statement 1H23-1H25

(€mn)	1H23	1H24	1H25
EBITDA	4.4	4.6	4.6
Δ Net Working Capital	-1.9	2.7	0.4
Capex (excl. Financial Investments)	-1.3	-1.0	-1.2
Δ Provisions	1.6	-0.1	0.2
OpFCF b.t.	2.8	6.2	4.0
<i>As a % of EBITDA</i>	<i>63.7%</i>	<i>135.0%</i>	<i>87.2%</i>
Cash Taxes	-0.9	-0.9	-0.9
Other	-1.8	-0.8	-0.9
Net Financial Charges	0.0	0.1	0.0
Dividends Paid to TPS SpA sh.holders	-0.6	-0.8	-0.8
Δ Net Financial Position	-0.5	3.9	1.5

Source: TPS Group, Value Track Analysis

Short and Medium Term Outlook

Reference Market

Short Term: Not so positive

The Automotive sector remains weak, with ongoing pressure from offshoring of engineering demand to lower-cost countries. Drivers of the weakness are: 1) Demand slowdown & affordability; 2) Profit squeeze & competition; 3) Regulatory & structural uncertainty.

Unfortunately, such scenario is due to keep negatively affecting TPS business.

Medium Term: A&D to drive several new opportunities

The geopolitical scenario remains highly volatile, but the take up in military expenditure is widely expected and visible.

Europe is, indeed, in a sustained rearmament cycle: spending is rising fast (2024 was the 10th consecutive annual rise) and more countries are at/above 2% of GDP, and 2025 budgets point higher still.

Italy as well 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;

TPS should benefit from heightened demand across the supply chain, especially given its existing relationships with key A&D players.

TPS Development Strategies

Short Term: Continuous fine tuning of the business model / footprint

In response to market dynamics, TPS is continuing to focus on commercial, industrial and organizational fine tuning initiatives, such as:

- **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;
- **Production centralization:** TPS is finalizing 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;
- **Innovation and R&D:** Collaborations with academic and industrial partners are going on, 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 1H25, TPS Group has 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;
- **Administrative reorganization:** In 1H25 it has been launched a comprehensive project to reorganize administrative activities, connected to the replacement of the company's ERP system. The project, expected to be completed by year-end, should enable a more efficient and streamlined management of all the Group's administrative processes.

Short and Medium Term: New sectors, M&A, Internationalization

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

- **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;
- **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;
- **Adjacent industries:** TPS Group is also evaluating opportunities to enter adjacent industries (e.g., rail, naval, and specialized aerospace services) where its capabilities can provide a competitive edge and unlock meaningful synergies.

2025E-27E estimates

As a result of the short term pressure on automobile OEM clients, we are adopting a more cautious approach on 2025E-26E economic and financial evolution, while unveiling also 2027E ones.

More in details, we are:

- Revising Value of Production down on average by ca. 7% per annum;
- Slightly increasing the EBITDA margin (ca. 20bps on average) thanks to the costs efficiencies actions pursued by the company. In absolute value, however, EBITDA is revised down by ca. 6% per annum;
- Revising downwards more than proportionally EBIT (-13% per annum on average) and Net Profit (-11% per annum on average) due to the stickiness of D&A charges;
- Maintaining the Net Cash Position unchanged as the lower EBITDA is matched by a tight control on Net Working Capital and on maintenance Capex.

TPS Group: 2025E-26E Estimates Revision

€mn	2025E			2026E		
	Old	New	Chg. %	Old	New	Chg. %
Value of Production	56.3	52.2	-7%	60.4	55.7	-8%
EBITDA	9.9	9.2	-6%	10.7	10.0	-6%
EBITDA margin	17.5%	17.7%	19 bps	17.6%	17.9%	25 bps
EBIT	7.6	6.5	-14%	8.2	7.2	-12%
EBIT margin	13.4%	12.5%	-90 bps	13.5%	12.9%	-63 bps
Net Profit	5.0	4.4	-13%	5.4	5.0	-9%
Net Financial Position	20.1	20.3	0.13	23.8	24.1	0.3

Source: TPS Group, Value Track Analysis

As a result, our updated 2025E– 27E forecasts are as follows:

- Value of Production at €59mn in 2027E, growing at mid-single-digit pace (4.0% CAGR 24A-27E). Growth is expected to come mainly from: 1) key clients, (higher order intake, backlog and expected investments) where several multi-year framework agreements have been already signed; 2) segments such as engineering, avionic developments, and the production of aeronautical parts and components;
- EBITDA margins expected to remain close to 18% in the whole period, thanks to efficiency gains offsetting negative operating leverage;
- EBITDA in absolute value growing by ca. 5% per annum, up to €10.5mn in 2027E;
- Net Profit growing a more than proportional 10.4% per annum, up to €5.5mn in 2027E;
- Average Free Cash Flow per annum at €3.4mn driving 2027E Net Cash Position at ca. €26.5mn, i.e. some 50% of current stock market capitalization.

TPS Group: 2024A-27E Key Financials

(€, mn)	2024	2025E	2026E	2027E
Value of Production	52.3	52.2	55.7	58.9
EBITDA	9.1	9.2	10.0	10.5
EBITDA Margin (%)	17.4%	17.7%	17.9%	17.9%
EBIT	6.7	6.5	7.2	7.9
EBIT Margin (%)	12.8%	12.5%	12.9%	13.5%
Net Profit	4.2	4.4	5.0	5.5
Net Fin. Pos. [Net Debt (-) Cash (+)]	16.4	20.3	24.1	26.5

Source: TPS Group, Value Track Analysis

TPS Group: Profit & Loss 2024A-27E

(€, mn)	2024	2025E	2026E	2027E
Value of Production	52.3	52.2	55.7	58.9
Raw Materials, Δ Inventory	-2.1	-2.1	-2.2	-2.4
Gross Profit	50.2	50.1	53.5	56.5
Gross Margin (%)	96.0%	96.0%	96.0%	96.0%
Op. Costs	-11.7	-10.4	-11.3	-12.0
Labour Costs	-29.4	-30.4	-32.2	-34.0
EBITDA	9.1	9.2	10.0	10.5
EBITDA Margin (%)	17.4%	17.7%	17.9%	17.9%
D&A (excl. Goodwill)	-2.4	-2.7	-2.7	-2.6
Provisions	0.0	0.0	-0.1	0.0
EBIT	6.7	6.5	7.2	7.9
EBIT Margin (%)	12.8%	12.5%	12.9%	13.5%
Interest Expenses	0.0	0.1	0.2	0.1
Other	-0.5	-0.2	0.0	0.0
Taxes	-1.7	-1.8	-2.1	-2.3
Minorities	-0.2	-0.2	-0.3	-0.3
Net Profit	4.2	4.4	5.0	5.5
Net Profit Margin (%)	8.1%	8.4%	8.9%	9.3%

Source: TPS Group, Value Track Analysis

TPS Group: Balance Sheet 2024A-27E

(€, mn)	2024	2025E	2026E	2027E
Net Fixed Assets	10.9	11.5	11.6	11.9
Net Working Capital	13.1	13.3	14.1	16.5
Provisions	6.2	6.5	6.9	7.3
Total Capital Employed	17.9	18.2	18.8	21.2
Group Net Equity	34.3	38.5	42.9	47.7
Net Financial Position	16.4	20.3	24.1	26.5

Source: TPS Group, Value Track Analysis

TPS Group: Cash Flow Statement 2024A-27E

(€, mn)	2024	2025E	2026E	2027E
EBITDA	9.1	9.2	10.0	10.5
Δ NWC	2.4	-0.2	-0.9	-2.4
Capex (excl. Financial Inv.)	-2.3	-2.2	-2.9	-2.9
Δ Provisions	0.2	0.4	0.4	0.4
OpFCF b.t.	9.5	7.2	6.6	5.6
As a % of EBITDA	104.0%	77.8%	65.8%	53.0%
Cash Taxes	-1.7	-1.8	-2.1	-2.3
Other (incl. Financial Inv.)	-1.3	-1.0	-0.2	-0.2
Net Financial Charges	0.0	0.1	0.2	0.1
Dividends Paid	-0.6	-0.6	-0.6	-0.8
Δ Net Financial Position	5.9	3.9	3.8	2.4
Net Financial Position	16.4	20.3	24.1	26.5

Source: TPS Group, Value Track Analysis

Valuation

We reiterate our fair value estimate of €9.75 per share, implying 5.3x–4.6x EV/EBITDA on 2025E–26E estimates, compared to the 3.2x–2.6x at which TPS is currently trading.

Our fair value is the combined effect of:

- DCF model at €10.2 p.s., substantially stable vs previous €10.0 p.s.;
- Peers Analysis at €9.3 p.s. (down from €9.50 p.s.), where the downward revision of TPS estimates is partially offset by mild sector rerating.

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

Price p/s (€)	EV / EBITDA (x)			EV / EBIT (x)			P/E (x)			FCF Yield (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
7.00	3.2	2.6	2.2	4.5	3.6	2.9	10.6	10.3	9.3	9.1	9.1	6.7
7.50	3.6	2.9	2.5	5.0	4.1	3.4	11.4	11.0	10.0	8.5	8.5	6.2
8.00	4.0	3.3	2.9	5.6	4.6	3.8	12.1	11.7	10.6	8.0	8.0	5.8
8.50	4.4	3.7	3.2	6.2	5.1	4.3	12.9	12.5	11.3	7.5	7.5	5.5
9.00	4.8	4.0	3.6	6.7	5.6	4.7	13.6	13.2	11.9	7.1	7.1	5.2
9.50	5.1	4.4	3.9	7.3	6.1	5.2	14.4	13.9	12.6	6.7	6.7	4.9
9.75	5.3	4.6	4.1	7.5	6.4	5.4	14.8	14.3	12.9	6.5	6.6	4.8

Source: Value Track Analysis

TPS Group: Peers' Trading Multiples

Company	EV/EBITDA			EV/EBIT			P/E		
Peers	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
ATE-FR	5.6	4.8	4.0	7.3	6.1	5.1	12.8	10.8	9.5
ALSOG-FR	5.8	4.8	4.0	11.9	9.2	7.1	14.8	11.6	9.6
BDT-DE	19.1	4.1	2.8	<0	9.4	4.8	<0	9.4	4.6
ED4-DE	>30	6.2	5.2	<0	15.2	11.0	<0	14.5	8.8
RCDO-GB	na	na	na	na	na	na	na	na	na
ARCAD-NL	9.0	8.0	7.2	12.5	10.4	9.2	17.6	13.9	12.5
Average	10	5.6	4.6	10.5	10.1	7.4	15.1	12.0	9.0
Median	7	4.8	4.0	11.9	9.4	7.1	14.8	11.6	9.5
TXT-IT	9.4	7.9	6.7	13.5	11.1	9.1	18.0	14.8	12.5
STAR7-IT	4.5	3.8	3.2	6.3	5.2	4.3	9.0	7.1	6.1
RETI-IT	7.0	6.1	5.1	9.2	7.7	6.3	10.5	9.1	7.8
TNXT-IT	8.2	7.2	6.5	15.5	11.4	9.9	25.3	18.6	15.2
SPN-IT	6.9	5.7	4.8	10.4	8.4	6.4	20.8	17.5	16.5
REY-IT	8.7	8.0	7.0	10.5	9.5	8.3	17.4	16.3	15.0
Average	7.8	6.8	5.9	10.4	9.0	7.4	19.1	16.9	15.7
Median	7.6	6.6	5.8	10.4	9.0	7.4	17.7	15.5	13.7
Total Average	8.4	6.1	5.1	10.8	9.4	7.4	16.3	13.0	10.7
Total Median	7.6	6.1	5.1	10.5	9.4	7.1	17.4	13.9	9.6

Source: Market Consensus, Value Track Analysis

Discounted Cash Flow Model

Our DCF model with “Rolling capital structure” is 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;
- 1.5% Perpetuity Growth Rate (“g”).

The outcome is a **DCF based €10.2 fair value per share**.

TPS Group: DCF Model with Rolling Capital Structure

(€mn, g = 1.5%)	(€mn)
PV of Future Cash-Flows 2026E-2030E	16.2
PV of Terminal Value 2030E	36.5
Fair Enterprise Value	52.7
Net Cash Position 2025E	20.3
Treasury shares @ 7.85 Mkt value	1.1
100% Fair Equity Value	71.1
Fair Equity Value p.s. (€)	10.2

Source: Value Track Analysis

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