

# Porto Aviation Group

Consumer Goods

## Strong Half-Year, Clear Runway to 2027E

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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.

### Solid 1H25 Results

PAG reported solid 1H25 results, fully in line with our expectations. Key points include:

- **VoP** reached **€3.1mn** (+68% YoY) with 7 aircraft delivered (vs. 3 in 1H24), supported by sustained demand in the US market;
- **EBITDA** stood at **€420k** (13.6% Margin), turning positive from -€430k in 1H24. Though, comparison is affected by postponed 1H24 deliveries and by €250–300k of 4-Seats costs now capitalized;
- **Net Cash** at **€1.1mn**, roughly stable vs. FY24, driven by ~€2.0mn cash-on-hand, 35k treasury shares, and ~€113k dividends paid.

Notably, the **order backlog** of **14 aircraft** ensures good visibility into 2H25E and early 2026E, excluding 5 additional units from the US 14-lot program scheduled for FY26E (pending customer deposits).

On the industrial side, PAG acquired a 6,000 sqm site in Vršac (Serbia) to build a new facility supporting the Risen 916 ramp-up and 4-Seats industrialization. Also, the “Risen 4-Seats EASA” R&D program was completed in June, for a total investing of €4.1mn (€2.85mn disbursed).

### P&L unchanged, but FCF upgraded on tighter NWC

1H25 performance aligns with FY25E expectations, while 2H25E is revised to 9 deliveries (one fewer) at higher ASP, reflecting a richer mix and firmer pricing. The US branch is deferred to 2026E, following the scale-up of Aerotec (Serbia), which will first absorb incremental 4-Seats output before transferring final assembly / distribution overseas.

**P&L assumptions remain unchanged, while cash generation has been revised slightly upward** on leaner inventories and a staged prepayment model with progressive down-payments. Thus, by FY28E, we expect VoP ~€12.2mn (from €6.3mn in 2025E, ~25% CAGR 2024A–28E), with EBITDA/EBIT Margins of 26.2%/21.9%, Net Cash ~€3.2mn, and OpFCF b.t./EBITDA >55% on average over the period.

### Fair Equity Value p/s upwards at €6.9 (from €6.0)

We revise PAG’s **Fair Equity Value to €6.9 p/s** (up from €6.0 in April), based on the average of three core valuation methods: **#1** a newly introduced Peers Analysis using the pooled EV/EBITDA FY2 = 6.5x on FY26E EBITDA (€7.1 p/s), **#2** a Valuation @ Maturity rolled to 2028E with peer EV/EBITDA FY0 = 7.1x (€6.6 p/s), and **#3** a DCF at the current unlevered capital structure with Rolling WACC 12.3% (€7.2 p/s). At FV, the shares would trade on FY26E at 6.2x EV/EBITDA, 7.6x EV/EBIT, and 15.2x Adj. P/E, still deeply below aircraft manufacturers’ multiples.

**FAIR VALUE (€)** **6.90**

**MARKET PRICE (€)** **5.95**

**MARKET CAP (€mn)** **14.18**

| KEY FINANCIALS              | FY24 | FY25E | FY26E |
|-----------------------------|------|-------|-------|
| 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   |
| GROUP NET EQUITY            | 3.3  | 3.9   | 5.0   |
| NET DEBT (-) / NET CASH (+) | 1.1  | 1.3   | 1.7   |
| EPSADJ.                     | 0.10 | 0.29  | 0.45  |
| DPS                         | 0.00 | 0.00  | 0.00  |

Source: PAG (historical figures), Value Track (estimates)

| RATIOS AND MULTIPLES      | FY24 | FY25E | FY26E |
|---------------------------|------|-------|-------|
| EBITDA MARGIN (%)         | 10%  | 16%   | 25%   |
| EBIT MARGIN (%)           | 5%   | 11%   | 20%   |
| NET DEBT / EBITDA (x)     | nm   | nm    | nm    |
| NET DEBT / NET EQUITY (x) | 0.0  | 0.0   | 0.0   |
| ROE (%)                   | 7%   | 17%   | 22%   |
| EV / SALES (x)            | 1.8  | 2.0   | 1.3   |
| EV / EBITDA (x)           | 17.3 | 12.5  | 5.3   |
| EV / EBIT (x)             | 35.7 | 18.5  | 6.4   |
| P / E ADJ. (x)            | 41.0 | 20.8  | 13.1  |

Source: PAG (historical figures), Value Track (estimates)

| STOCK DATA             |                 |
|------------------------|-----------------|
| MARKET PRICE (€)       | 6.2             |
| NOSH (mn)              | 2.4             |
| MARKET CAP (€mn)       | 14.2            |
| ENTERPRISE VALUE (€mn) | 12.7            |
| FREE FLOAT (%)         | 15.2            |
| AVG L30D VOLUME ('000) | 5,800           |
| RIC / BBG              | PAG.MI / PAG.IM |
| 52 WK MAX - MIN (€)    | 8.30-3.58       |

Source: Stock Market Data

## 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. 5yy 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).

## Financial Highlights

| KEY FINANCIALS (IT GAAP, €mn)              | FY24  | FY25E | FY26E | FY27E |
|--------------------------------------------|-------|-------|-------|-------|
| Value of Production                        | 4.9   | 6.3   | 9.4   | 11.0  |
| y/y (%)                                    | 27.2% | 28.9% | 49.6% | 16.8% |
| EBITDA                                     | 0.5   | 1.0   | 2.3   | 2.8   |
| EBITDA Margin (% on VoP)                   | 10.3% | 16.2% | 24.7% | 25.8% |
| EBIT                                       | 0.2   | 0.7   | 1.9   | 2.3   |
| EBIT Margin (% on VoP)                     | 5.0%  | 10.9% | 20.3% | 21.2% |
| Net Profit                                 | 0.2   | 0.7   | 1.1   | 1.4   |
| y/y (%)                                    | 20.2% | nm    | 58.7% | 25.8% |
| Adj. Net Profit                            | 0.2   | 0.7   | 1.1   | 1.4   |
| y/y (%)                                    | 20.2% | nm    | 58.7% | 25.8% |
| Net Fin. Position [Net Debt (-) / Cash(+)] | 1.1   | 1.3   | 1.7   | 2.5   |
| Net. Fin. Pos. / EBITDA (x)                | nm    | nm    | nm    | nm    |
| Capex                                      | 0.0   | -0.5  | -0.8  | -1.0  |
| OpFCF b.t.                                 | 0.4   | 0.6   | 1.2   | 1.7   |
| OpFCF b.t. / EBITDA (%)                    | 83.0% | 60.9% | 52.9% | 60.4% |

Source: PAG, Value Track Analysis

## Investment Case

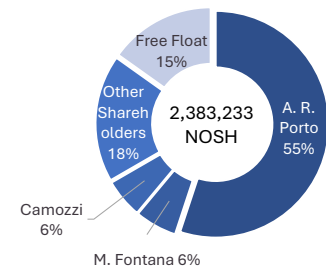
### Strengths / Opportunities

- 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

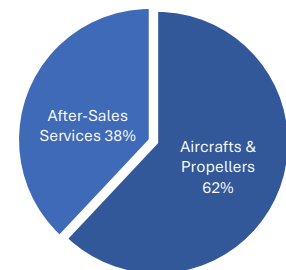
- Supply chain rather challenging, i.e., some aircraft’s components sourced from the US
- Low level of business industrialization

## SHAREHOLDER STRUCTURE



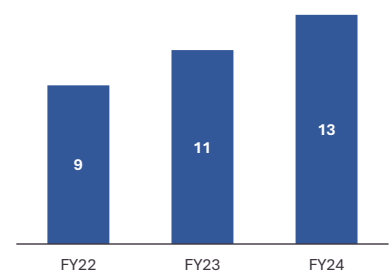
Source: PAG

## SALES BY BU



Source: PAG, FY24

## NUMBER OF AIRCRAFTS DELIVERED



Source: PAG, FY24

| STOCK MULTIPLES @ FV | FY25E | FY26E |
|----------------------|-------|-------|
| EV / SALES (x)       | 2.4   | 1.5   |
| EV / EBITDA (x)      | 14.7  | 6.2   |
| EV / EBIT (x)        | 21.7  | 7.6   |
| EV / CAP. EMPLOYED   | 5.7   | 4.4   |
| OpFCF Yield (%)      | 4.1   | 8.5   |
| P / E (x)            | 24.1  | 15.2  |
| P / BV (x)           | 4.2   | 3.3   |
| Dividend Yield (%)   | 0.0   | 0.0   |

Source: Value Track Analysis

# 1H25's Financials

## Key Messages

1H25 was marked by a number of **significant milestones**, notably:

- Completion of share buyback in Feb-25 with ca. 35k shares repurchased (1.47% of share capital, equal to over €200k at current prices);
- AGM (Apr-25) approved the allocation of dividends: €0.048249 DPS (ex-date May 12, record date May 13, payment May 14);
- Acquisition in May-25 of 6,000 sqm land in Vršac (Serbia) to build a new 1,000 sqm facility (expandable up to 3,000 sqm), supporting Risen 916 ramp-up and Risen 4-Seats industrialization, with positive implications for throughput and unit costs;
- Closure in Jun-25 of the “Risen 4-Seats EASA” R&D program launched in FY20 (supporting entry into a broader-use, higher-value segment), with €4.1mn total investments (€2.85mn disbursed, €650k not utilized).

Alberto Porto, President and CEO of PAG, commented: “1H25 results confirm the solidity and growth trajectory of Porto Aviation Group. With EBITDA at 15% of revenues, a strong NFP and a solid equity base, we can look to the future with confidence. These results demonstrate the competitiveness of our products in international markets and the commitment of our team. Going forward, we will continue to invest in innovation and development to strengthen our leadership in light aviation and create sustainable long-term growth opportunities...”.

## Key Financials

More in details, for 1H25 interim results, we flag the following:

- VoP** stood at **€3.1mn** (vs. €1.4mn in 1H24; +68% y/y) with 7 aircraft delivered;
- EBITDA swung to positive** (from loss in 1H24, at. -€430k), at €420k, EBITDA Margin at 13.6%;
- EBIT** at **~€270k** (vs. -€560k in 1H24), with D&A charges roughly in line y/y;
- Net Cash Position** at **€1.1mn** (broadly flat vs. FY24) with ca. €2.0mn cash on balance sheet; to note that the company holds 35k treasury shares and paid ~€113k in dividends (€0.048249 p/s);

PAG also disclosed its current **backlog**, now at **14 aircrafts**, providing visibility into 2H25E and early-2026E.

### PAG: Key Financials 1H22 to 1H25

| (€mn)                            | 1H22   | 1H23  | 1H24 | 1H25  | y/y   |
|----------------------------------|--------|-------|------|-------|-------|
| Value of Production              | 1.4    | 1.9   | 1.8  | 3.1   | 68.1% |
| EBITDA                           | 0.3    | 0.7   | -0.4 | 0.4   | nm    |
| EBITDA Margin (% on VoP)         | 18.7%  | 36.2% | <0   | 13.6% | nm    |
| EBIT                             | -0.3   | 0.6   | -0.6 | 0.3   | nm    |
| EBIT Margin (% on VoP)           | -23.3% | 30.5% | <0   | 8.8%  | nm    |
| Net Profit                       | -0.2   | 0.4   | -0.7 | 0.1   | nm    |
| NFP [i.e. Net Debt (-) Cash (+)] | 0.1    | 0.4   | 0.5  | 1.1   | 0.5   |

Source: PAG, Value Track Analysis

Key takeaways include:

- 1H25 Sales Doubled to €2.8mn on 7 Deliveries;**
- Margin Rebound: Positive EBITDA (~€420k) with OpEx €2.7mn;**
- OpFCF b.t. >65% of EBITDA and Net Cash stable despite €150k dividends and buyback.**

### 1H25 Sales Doubled to €2.8mn on 7 Deliveries

**1H25 Revenues from Sales reached €2.8mn**, up 100.5% y/y (vs. €1.4mn in 1H24), while the Value of Production increased by approx. 68.1% y/y, underpinned by the **delivery of seven aircraft** compared with “only” three in 1H23. Within other VoP components, the Company reported: (i) €9k in Other Revenues (vs. €60k in 1H24); (ii) a €177k change in inventories (including WIP; vs. €378k in 1H24); and (iii) a €98k change in fixed assets (vs. zero in 1H24).

In the US market, demand tailwinds (“Trump effect”) are supportive, and the client base exhibits limited price sensitivity and high technical sophistication — often comprising entrepreneurs accustomed to working with external suppliers — factors that are constructive for pricing power and execution. Notably, of the 14-unit Risen 916 order from an American agency (a supplier to the US Navy) announced in July 2024, five of the seven aircraft delivered in 1H25 relate to this contract; a further four are scheduled within the year, with the remaining five planned for 2026E (not included in backlog, because no deposit has been received).

**Development of the 4-Seats model is now in its final phase**, with ground tests underway, the final tranche of “808” funding received in July and the prototype complete, while flight tests are slated to begin between late 2025 and early 2026 and a project presentation is targeted for beginning-2H26E (commercial launch expected in 2027E, as outlined in our previous report).

#### PAG: Backlog and Aircrafts Delivered

| (€mn)               | FY21-22 | 1H23 | 2H23 | 1H24 | 2H24 | 1H25 |
|---------------------|---------|------|------|------|------|------|
| Aircraft Delivered  | 9       | 6    | 5    | 3    | 10   | 7    |
| Backlog (Aircraft)  | //      | 10   | 14   | 20   | 18   | 14   |
| New Orders Acquired | //      | //   | 9    | 9    | 8    | 3    |

Source: PAG, Value Track Analysis

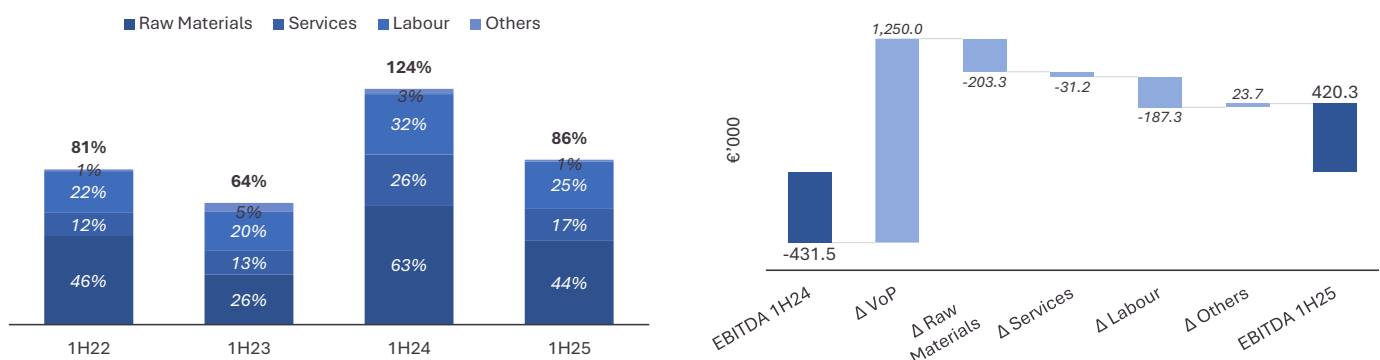
### Margin Rebound: Positive EBITDA (~€420k) with OpEx €2.7mn

**EBITDA turned positive at ~€420k** after total OpEx of €2.7mn (vs. €2.3mn in 1H24, +17.6% y/y). However, we note two comparability factors:

- 1H24 revenue was depressed by the postponement of two aircraft deliveries, mechanically inflating cost ratios on VoP;
- €250–300k of non-recurring 4-Seats development expenses were expensed in 1H24 but are now capitalized.

Below EBITDA, with D&A charges at ca. €150k (vs. ca. €125k in 1H24), **EBIT** stands at **€272k** and **Net Profit** at **€144k** (vs. -€665k in 1H24), impacted by net financial expense of ~€48k — driven by ~€69k foreign exchange losses, nil interest expense, and ~€23k interest income — and by ~€81k taxes.

#### PAG: Costs Structure and EBITDA Bridge 1H25



Source: PAG, Value Track Analysis

**PAG: P&L 1H22 to 1H25**

| (€mn)                                   | 1H22        | 1H23       | 1H24        | 1H25       | y/y           |
|-----------------------------------------|-------------|------------|-------------|------------|---------------|
| <b>Revenues from Sales</b>              | <b>1.3</b>  | <b>1.5</b> | <b>1.4</b>  | <b>2.8</b> | <b>100.5%</b> |
| Δ WIP and Finished Goods                | 0.0         | -0.2       | 0.4         | 0.2        | -53.1%        |
| Other Revenues                          | 0.0         | 0.6        | 0.1         | 0.0        | -85.6%        |
| Δ Fixed Assets                          | 0.0         | 0.0        | 0.0         | 0.1        | nm            |
| <b>Value of Production</b>              | <b>1.4</b>  | <b>1.9</b> | <b>1.8</b>  | <b>3.1</b> | <b>68.1%</b>  |
| Raw Materials Costs                     | -0.5        | -0.8       | -1.3        | -1.5       | 18.4%         |
| Δ Inventory (Raw Materials)             | -0.1        | 0.3        | 0.1         | 0.2        | 24.5%         |
| <b>Gross Profit</b>                     | <b>0.7</b>  | <b>1.4</b> | <b>0.7</b>  | <b>1.7</b> | <b>152.6%</b> |
| <i>Gross Margin (%)</i>                 | 53.6%       | 73.8%      | 37.4%       | 56.2%      | nm            |
| Costs of Services                       | -0.2        | -0.2       | -0.5        | -0.5       | 6.4%          |
| Costs of Rent & Others                  | 0.0         | -0.1       | 0.0         | 0.0        | -47.9%        |
| Labour Costs                            | -0.3        | -0.4       | -0.6        | -0.8       | 32.2%         |
| <b>EBITDA</b>                           | <b>0.3</b>  | <b>0.7</b> | <b>-0.4</b> | <b>0.4</b> | <b>nm</b>     |
| <i>EBITDA Margin (% on VoP)</i>         | 18.7%       | 36.2%      | -23.5%      | 13.6%      | nm            |
| D&A                                     | -0.1        | -0.1       | -0.1        | -0.1       | 18.7%         |
| <b>EBIT</b>                             | <b>-0.3</b> | <b>0.6</b> | <b>-0.6</b> | <b>0.3</b> | <b>nm</b>     |
| <i>EBIT Margin (% on VoP)</i>           | -23.3%      | 30.5%      | -30.3%      | 8.8%       | nm            |
| Interest Expenses / Other Non-Op. Items | 0.0         | 0.0        | 0.0         | 0.0        | nm            |
| <b>Pre-Tax Profit</b>                   | <b>-0.3</b> | <b>0.6</b> | <b>-0.5</b> | <b>0.2</b> | <b>nm</b>     |
| Taxes                                   | 0.1         | -0.2       | -0.1        | -0.1       | -35.2%        |
| <b>Net Profit</b>                       | <b>-0.2</b> | <b>0.4</b> | <b>-0.7</b> | <b>0.1</b> | <b>nm</b>     |

Source: PAG, Value Track Analysis

**OpFCF b.t. >65% of EBITDA and Net Cash stable despite €150k dividends and buyback**

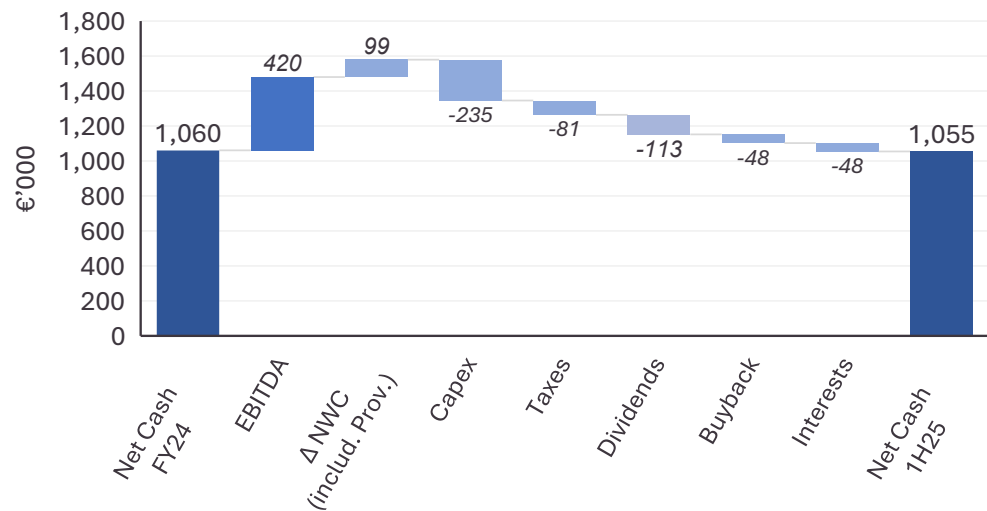
As for the Balance Sheet / Cash Flow Statement, we note:

- Tangible and intangible investments at €235k (vs. €8k in 1H24), o/w >75% related to the capitalization of internally incurred costs for the HRS propeller project and the prototype of the 4-Seats aircraft, not including ~€250k for facility expansion by the Serbian subsidiary expected in 2H25E, pending ~90-day sign-off with ~3–4 months execution thereafter;
- Net Working Capital at €1.1mn (18.6% of annualized VoP, vs. €797k in 1H24 and stable vs. FY24 at €1.2mn), driven by an inventory increase (from €2.1mn in FY24 to €2.4mn in 1H25), more than offset by an advance in trade payables (from €353k in FY24 to €548k in 1H25) and down payments (from €875k in FY24 to €1.2 in 1H25).

Thus, **OpFCF b.t.** (defined as EBITDA Adj.- Tangible and Intangible Capex ± ΔNWC ± Δ Provisions) **stood at €285k** (>65% of EBITDA level), even thanks to ΔNWC for ca. €75k. As regards **Net Cash Position**, it was broadly unchanged at €1.1mn vs. FY24, after absorbing ~€113k of dividends and ~€48k of buyback.

Note that PAG holds cash available at €2.0mn, to be likely devoted to support business operations.

### PAG: Cash Flow 1H25



Source: PAG, Value Track Analysis

### PAG: Balance Sheet from 1H22 to 1H25

| (€mn)                                   | FY22       | 1H23       | FY23       | 1H24       | FY24       | 1H25       |
|-----------------------------------------|------------|------------|------------|------------|------------|------------|
| Inventories                             | 1.4        | //         | 1.6        | 2.1        | 2.1        | 2.4        |
| Trade Receivables                       | 0.1        | //         | 0.3        | 0.4        | 0.1        | 0.4        |
| Other Current Assets                    | 0.4        | //         | 0.5        | 0.3        | 0.5        | 0.1        |
| Trade Payables                          | 0.3        | //         | 0.3        | 0.5        | 0.4        | 0.5        |
| Other Payables                          | 1.4        | //         | 1.0        | 1.6        | 1.1        | 1.3        |
| <b>Net Working Capital</b>              | <b>0.3</b> | <b>0.3</b> | <b>1.1</b> | <b>0.8</b> | <b>1.2</b> | <b>1.1</b> |
| Tangibles & Intangibles                 | 1.2        | 1.2        | 1.4        | 1.3        | 1.2        | 1.3        |
| Financial Assets                        | 0.1        | 0.1        | 0.1        | 0.1        | 0.1        | 0.1        |
| <b>Net Fixed Assets</b>                 | <b>1.3</b> | <b>1.3</b> | <b>1.5</b> | <b>1.4</b> | <b>1.3</b> | <b>1.4</b> |
| Provisions                              | 0.2        | 0.2        | 0.2        | 0.2        | 0.2        | 0.3        |
| <b>Total Capital Employed</b>           | <b>1.3</b> | <b>1.4</b> | <b>2.5</b> | <b>2.0</b> | <b>2.3</b> | <b>2.3</b> |
| <b>Group Net Equity</b>                 | <b>1.4</b> | <b>1.8</b> | <b>3.2</b> | <b>2.5</b> | <b>3.3</b> | <b>3.3</b> |
| <b>NFP [i.e. Net Debt (-) Cash (+)]</b> | <b>0.1</b> | <b>0.4</b> | <b>0.7</b> | <b>0.5</b> | <b>1.1</b> | <b>1.1</b> |

Source: PAG, Value Track Analysis

### PAG: Net Financial Position Structure from FY22 to 1H25

| (€mn)                                              | FY22        | 1H23        | FY23       | 1H24        | FY24        | 1H25        |
|----------------------------------------------------|-------------|-------------|------------|-------------|-------------|-------------|
| Cash and Deposits (+)                              | 0.5         | 1.6         | 0.8        | 1.1         | 2.1         | 2.0         |
| Debt to Banks within 12 months (-)                 | 0.1         | -0.1        | 0.0        | 0.0         | 0.0         | -0.1        |
| <b>Current Net Financial Position</b>              | <b>0.5</b>  | <b>1.5</b>  | <b>0.7</b> | <b>1.0</b>  | <b>2.0</b>  | <b>1.9</b>  |
| Long term financial credits (+)                    | 0.0         | 0.0         | 1.0        | 0.5         | 0.5         | 0.5         |
| Debt to Banks over 12 months (-)                   | 0.3         | -0.3        | -0.1       | -0.1        | -0.1        | 0.0         |
| Debt to Parent Co. / Other Sh.holders              | 0.0         | -0.9        | -0.9       | -0.9        | -1.4        | -1.3        |
| <b>Non-Current Financial Position</b>              | <b>-0.4</b> | <b>-1.2</b> | <b>0.0</b> | <b>-0.5</b> | <b>-1.0</b> | <b>-0.8</b> |
| <b>Net Fin. Position [Net debt (-) / Cash (+)]</b> | <b>0.1</b>  | <b>0.4</b>  | <b>0.7</b> | <b>0.5</b>  | <b>1.1</b>  | <b>1.1</b>  |

Source: PAG, Value Track Analysis

## P&L 2025E-onwards Intact, FCF Upside

We **maintain our P&L assumptions unchanged**, while **revising upward our expectations for FCF generation**, anchored by a stronger working capital efficiency, through tighter inventory management and the company's staged pre-payment model, under which customers make progressive down payments ahead of final delivery.

As previously discussed, 1H25 performance is broadly in line with our FY25E targets, supported by solid execution and a favorable delivery schedule. For 2H25E, we now anticipate 9 aircraft deliveries – one fewer than in our prior estimates – yet at a higher average price, reflecting the mix shift toward premium configurations and improved commercial discipline.

The establishment of the US branch is now expected to materialize in 2026E, as the Group is prioritizing the scale-up of its Serbian subsidiary, Aerotec Composites. The project is pending signature (expected within 90 days), with construction and operational setup planned to proceed swiftly over a 3–4 month window. Once the Serbian facility is fully equipped to absorb the incremental production capacity required for the 4-Seats model, Porto will proceed with the creation of the US branch — a dedicated structure for final assembly and distribution, supplied with semi-finished components from Europe.

### PAG: New vs. Old estimates

| €mn                             | 2025E      |            |             | 2026E      |            |             | 2027E       |             |             |
|---------------------------------|------------|------------|-------------|------------|------------|-------------|-------------|-------------|-------------|
|                                 | Old        | New        | Change      | Old        | New        | Change      | Old         | New         | Change      |
| <b>Aircrafts Delivered</b>      | <b>18</b>  | <b>16</b>  |             | <b>25</b>  | <b>24</b>  |             | <b>21</b>   | <b>20</b>   |             |
| <i>o/w 2-seats Risen</i>        | 18         | 16         | -2          | 25         | 24         | -1          | 16          | 15          | -1          |
| <i>4-seats Risen</i>            | 0          | 0          | nm          | 0          | 0          | nm          | 5           | 5           | 0.0%        |
| <b>Value of Production (*)</b>  | <b>6.3</b> | <b>6.3</b> | <b>0.0%</b> | <b>9.4</b> | <b>9.4</b> | <b>0.0%</b> | <b>11.0</b> | <b>11.0</b> | <b>0.0%</b> |
| <b>EBITDA</b>                   | <b>1.0</b> | <b>1.0</b> | <b>0.0%</b> | <b>2.3</b> | <b>2.3</b> | <b>0.0%</b> | <b>2.8</b>  | <b>2.8</b>  | <b>0.0%</b> |
| <i>EBITDA Margin (% of VoP)</i> | 16.2%      | 16.2%      | 0bps        | 24.7%      | 24.7%      | 0bps        | 25.8%       | 25.8%       | 0bps        |
| D&A                             | -0.3       | -0.3       | 0.0%        | -0.4       | -0.4       | 0.0%        | -0.5        | -0.5        | 0.0%        |
| <b>EBIT</b>                     | <b>0.7</b> | <b>0.7</b> | <b>0.0%</b> | <b>1.9</b> | <b>1.9</b> | <b>0.0%</b> | <b>2.3</b>  | <b>2.3</b>  | <b>0.0%</b> |
| <i>EBIT Margin (% of VoP)</i>   | 10.9%      | 10.9%      | 0bps        | 20.3%      | 20.3%      | 0bps        | 21.2%       | 21.2%       | 0bps        |
| <b>Pre tax profit</b>           | <b>0.7</b> | <b>0.7</b> | <b>0.0%</b> | <b>1.6</b> | <b>1.6</b> | <b>0.5%</b> | <b>2.0</b>  | <b>2.1</b>  | <b>0.8%</b> |
| <b>Net profit</b>               | <b>0.7</b> | <b>0.7</b> | <b>0.0%</b> | <b>1.1</b> | <b>1.1</b> | <b>0.5%</b> | <b>1.4</b>  | <b>1.4</b>  | <b>0.8%</b> |
| <b>Net Financial Position</b>   | <b>0.9</b> | <b>1.3</b> | <b>0.4</b>  | <b>0.9</b> | <b>1.7</b> | <b>0.8</b>  | <b>1.5</b>  | <b>2.5</b>  | <b>1.0</b>  |
| OpFCF a.t.                      | 0.1        | 0.6        | 0.5         | 0.3        | 0.7        | 0.4         | 0.9         | 1.0         | 0.2         |

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 26.2% and 21.9% by 2028E;
- Almost flattering Working Capital dynamics, implying a great operating cash conversion with OpFCF b.t. / EBITDA ratio on average at >55% over the FY25E-28E period;
- Net Cash Position to stands at €3.2mn by 2028E year-end.

**PAG: P&L 2024A-28E P&L Forecasts**

| (€mn)                                   | FY24       | FY25E      | FY26E      | FY27E       | FY28E       |
|-----------------------------------------|------------|------------|------------|-------------|-------------|
| <b>Revenues from Sales</b>              | <b>3.8</b> | <b>5.3</b> | <b>7.8</b> | <b>9.5</b>  | <b>10.9</b> |
| 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         |
| <b>Value of Production</b>              | <b>4.9</b> | <b>6.3</b> | <b>9.4</b> | <b>11.0</b> | <b>12.2</b> |
| Raw Materials Costs                     | -2.1       | -2.3       | -3.2       | -4.0        | -4.5        |
| Δ Inventory (Raw Materials)             | 0.1        | 0.0        | 0.0        | 0.0         | 0.0         |
| <b>Gross Profit</b>                     | <b>2.9</b> | <b>4.0</b> | <b>6.2</b> | <b>7.0</b>  | <b>7.7</b>  |
| <i>Gross Margin (%)</i>                 | <i>59%</i> | <i>64%</i> | <i>66%</i> | <i>64%</i>  | <i>63%</i>  |
| Costs of Services                       | -1.0       | -1.2       | -1.5       | -1.4        | -1.5        |
| Costs of Rent & Others                  | -0.1       | -0.3       | -0.5       | -0.5        | -0.6        |
| Labour Costs                            | -1.2       | -1.5       | -1.9       | -2.2        | -2.4        |
| <b>EBITDA</b>                           | <b>0.5</b> | <b>1.0</b> | <b>2.3</b> | <b>2.8</b>  | <b>3.2</b>  |
| <i>EBITDA Margin (% on VoP)</i>         | <i>10%</i> | <i>16%</i> | <i>25%</i> | <i>26%</i>  | <i>26%</i>  |
| D&A                                     | -0.3       | -0.3       | -0.4       | -0.5        | -0.5        |
| <b>EBIT</b>                             | <b>0.2</b> | <b>0.7</b> | <b>1.9</b> | <b>2.3</b>  | <b>2.7</b>  |
| <i>EBIT Margin (% on VoP)</i>           | <i>5%</i>  | <i>11%</i> | <i>20%</i> | <i>21%</i>  | <i>22%</i>  |
| Interest Expenses / Other Non-Op. Items | 0.0        | 0.0        | -0.3       | -0.3        | -0.3        |
| <b>Pre-Tax Profit</b>                   | <b>0.3</b> | <b>0.7</b> | <b>1.6</b> | <b>2.1</b>  | <b>2.4</b>  |
| Taxes                                   | 0.0        | 0.0        | -0.6       | -0.7        | -0.8        |
| <b>Net Profit</b>                       | <b>0.2</b> | <b>0.7</b> | <b>1.1</b> | <b>1.4</b>  | <b>1.6</b>  |

Source: PAG, Value Track Analysis

**PAG: 2024A-28E Balance Sheet**

| (€mn)                                   | FY24       | FY25E      | FY26E      | FY27E      | FY28E      |
|-----------------------------------------|------------|------------|------------|------------|------------|
| Net Fixed Assets                        | 1.3        | 1.7        | 2.1        | 2.6        | 3.1        |
| Net Working Capital                     | 1.2        | 1.2        | 1.5        | 1.6        | 2.1        |
| Provisions                              | 0.2        | 0.3        | 0.3        | 0.4        | 0.4        |
| <b>Total Capital Employed</b>           | <b>2.3</b> | <b>2.6</b> | <b>3.3</b> | <b>3.9</b> | <b>4.7</b> |
| <b>Group Net Equity</b>                 | <b>3.3</b> | <b>3.9</b> | <b>5.0</b> | <b>6.4</b> | <b>8.0</b> |
| <b>NFP [i.e. Net Debt (-) Cash (+)]</b> | <b>1.1</b> | <b>1.3</b> | <b>1.7</b> | <b>2.5</b> | <b>3.2</b> |

Source: PAG, Value Track Analysis

**PAG: 2024A-28E Cash Flow Statement**

| (€mn)                           | FY24         | FY25E        | FY26E        | FY27E        | FY28E        |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>EBITDA</b>                   | <b>0.5</b>   | <b>1.0</b>   | <b>2.3</b>   | <b>2.8</b>   | <b>3.2</b>   |
| Δ NWC                           | -0.1         | 0.1          | -0.3         | -0.1         | -0.4         |
| Capex                           | 0.0          | -0.5         | -0.8         | -1.0         | -1.0         |
| <b>OpFCF b.t.</b>               | <b>0.4</b>   | <b>0.6</b>   | <b>1.2</b>   | <b>1.7</b>   | <b>1.8</b>   |
| <i>As a % of EBITDA</i>         | <i>83.0%</i> | <i>60.9%</i> | <i>52.9%</i> | <i>60.4%</i> | <i>57.4%</i> |
| Cash Taxes                      | 0.0          | 0.0          | -0.6         | -0.7         | -0.8         |
| <b>OpFCF a.t.</b>               | <b>0.4</b>   | <b>0.6</b>   | <b>0.7</b>   | <b>1.0</b>   | <b>1.0</b>   |
| Others (incl. Financial Inv.)   | 0.0          | -0.3         | -0.3         | -0.3         | -0.3         |
| Net Financial Charges           | -0.1         | -0.1         | 0.0          | 0.0          | 0.0          |
| <b>Δ Net Financial Position</b> | <b>0.3</b>   | <b>0.3</b>   | <b>0.4</b>   | <b>0.7</b>   | <b>0.8</b>   |

Source: PAG, Value Track Analysis

# Valuation

## FV upwards to €6.9 p/s

We raise PAG's **Fair Equity Value to €6.9 p/s** (vs. €6.0 p/s in the April update), derived from the average of the following valuation methods:

- **Peers Analysis**, benchmarked across three panels — Aircraft Manufacturers, Yacht Builders, and Luxury Car OEMs — uses the pooled EV/EBITDA FY2 median of 6.5x as the anchor multiple. Recognizing that PAG trades at ~30% discount to this benchmark (scale, liquidity, ramp-up), we apply 6.5x to FY2 EBITDA with normalized NFP, which points to a fair equity value of €7.1 p/s;
- **Valuation @ Maturity**, applying current peer group multiples (7.1x EV/EBITDA FY0) to PAG's 2028E 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 equity of €6.6 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 12.3%. This approach captures long-term cash generation potential and results in a **valuation of €7.2 p/s**.

At FV, the stock would trade at **6.2x EV/EBITDA, 7.6x EV/EBIT, and 15.2x Adj. P/E on FY26E** — in line with the total peer panel on EBITDA, at a discount on EBIT, at a slight premium on earnings, and still meaningfully below aircraft manufacturers' multiples.

The table below shows the sensitivity of key trading multiples at different fair value levels.

**PAG: Multiples Sensitivity at Various Stock Price Levels**

| Fair Equity Value p/s (€) | EV/Sales (x) |            | EV/EBITDA (x) |            | EV/EBIT (x) |            | P/E Adj. (x) |             |
|---------------------------|--------------|------------|---------------|------------|-------------|------------|--------------|-------------|
|                           | FY25E        | FY26E      | FY25E         | FY26E      | FY25E       | FY26E      | FY25E        | FY26E       |
| 6.30                      | 2.5          | 1.7        | 13.3          | 5.6        | 19.7        | 6.9        | 22.0         | 13.9        |
| 6.45                      | 2.6          | 1.7        | 13.6          | 5.8        | 20.2        | 7.0        | 22.5         | 14.2        |
| 6.60                      | 2.7          | 1.8        | 14.0          | 5.9        | 20.7        | 7.2        | 23.0         | 14.5        |
| 6.75                      | 2.7          | 1.8        | 14.3          | 6.1        | 21.2        | 7.4        | 23.6         | 14.9        |
| <b>6.90</b>               | <b>2.4</b>   | <b>1.5</b> | <b>14.7</b>   | <b>6.2</b> | <b>21.7</b> | <b>7.6</b> | <b>24.1</b>  | <b>15.2</b> |
| 7.05                      | 2.9          | 1.9        | 15.0          | 6.4        | 22.3        | 7.8        | 24.6         | 15.5        |
| 7.20                      | 2.9          | 2.0        | 15.4          | 6.6        | 22.8        | 8.0        | 25.1         | 15.8        |
| 7.35                      | 3.0          | 2.0        | 15.8          | 6.7        | 23.3        | 8.2        | 25.7         | 16.2        |
| 7.50                      | 3.1          | 2.0        | 16.1          | 6.9        | 23.8        | 8.3        | 26.2         | 16.5        |

Source: Value Track Analysis

## 1# Peers Analysis

We adopt a Peers Analysis as a core valuation pillar, benchmarking PAG against three clusters — Aircraft Manufacturers, Yacht Builders, and Luxury Car OEMs. We reference FY2 to reduce ramp-up noise and use pooled medians as anchors, then assess dispersion and implied premia/discounts by cluster. The section below summarizes where the market is pricing each group today and how PAG sits against that backdrop.

## Stock Market Multiples Benchmark

The whole panel of peers is trading at **median 7.9x-6.5x EV/EBITDA, 10.6x-11.3x EV/EBIT, 11.7x-12.8x P/E Adj. 2025E-26E**. Particularly, we flag:

- Aircraft Manufacturers stocks continues showing the most demanding multiples;
- Yacht Builders comparables trade at discount vs. all the other clusters, at a median 5.6x EV/EBITDA 2025E vs. 12.3x of Aircraft Manufacturers stocks;
- Luxury Cars Manufacturers peers trade at ca. 9.5x EV/EBITDA 2025E, but with wide dispersion across the sector: Ferrari trades at 29.9x, while Porsche and Aston Martin are at 7.9x and 9.5x respectively.

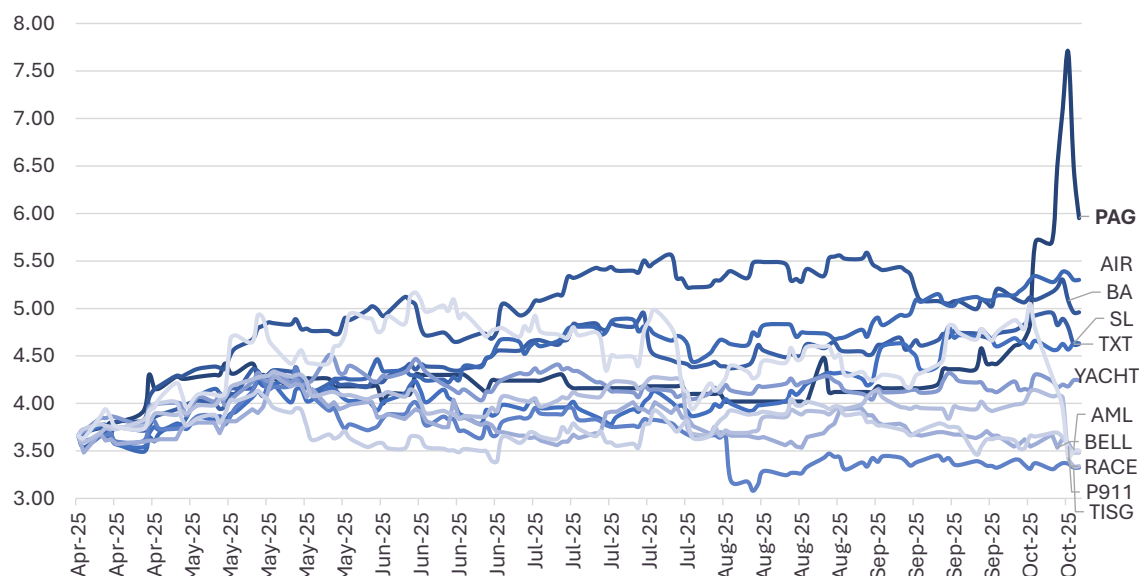
That said, **since our April '25 report** (when the stock was €3.66 p/s), **PAG has materially rerated (>60% performance)**. On 2025E, metrics it now trades at a premium vs. the total peer panel. From 2026E onwards, however — alongside the ramp-up of new capacity in Serbia, the US branch setup, and the 4-Seats model launch — we expect the shares to trade at a discount, reflecting the embedded scale-up and execution risk through the transition phase.

### PAG: Peers Trading Multiples

| Peers                                 | EV/EBITDA (x) |             | EV/EBIT (x) |             | P/E Adj. (x) |             |
|---------------------------------------|---------------|-------------|-------------|-------------|--------------|-------------|
|                                       | FY25E         | FY26E       | FY25E       | FY26E       | FY25E        | FY26E       |
| <b>Aircraft Manufacturers</b>         |               |             |             |             |              |             |
| Boeing                                | >50           | 25.6        | >40         | 33.9        | <0           | 49.2        |
| Textron                               | 9.5           | 8.8         | 13.0        | 11.3        | 13.4         | 12.8        |
| Airbus                                | 15.2          | 13.0        | 21.2        | 17.6        | 31.8         | 26.1        |
| <b>Average</b>                        | <b>12.3</b>   | <b>15.8</b> | <b>17.1</b> | <b>21.0</b> | <b>22.6</b>  | <b>29.3</b> |
| <b>Median</b>                         | <b>12.3</b>   | <b>13.0</b> | <b>17.1</b> | <b>17.6</b> | <b>22.6</b>  | <b>26.1</b> |
| <b>Yacht Builders</b>                 |               |             |             |             |              |             |
| Sanlorenzo                            | 6.8           | 6.4         | 8.7         | 8.3         | 12.2         | 12.5        |
| The Italian Sea Group                 | 4.3           | 3.8         | 5.3         | 4.6         | 7.4          | 6.9         |
| Ferretti                              | 4.0           | 3.3         | 6.5         | 5.3         | 11.1         | 9.6         |
| Bellini Nautica                       | 7.3           | 3.4         | 10.6        | 4.4         | 11.2         | 5.2         |
| <b>Average</b>                        | <b>5.6</b>    | <b>4.2</b>  | <b>7.8</b>  | <b>5.6</b>  | <b>10.5</b>  | <b>8.5</b>  |
| <b>Median</b>                         | <b>5.6</b>    | <b>3.6</b>  | <b>7.6</b>  | <b>4.9</b>  | <b>11.1</b>  | <b>8.3</b>  |
| <b>Luxury Car Manufacturers</b>       |               |             |             |             |              |             |
| Ferrari                               | 29.9          | 26.5        | 39.0        | 34.2        | >50          | 44.2        |
| Porsche                               | 7.9           | 6.5         | >40         | 14.2        | >50          | 16.9        |
| Aston Martin Lagonda Global           | 9.5           | 5.3         | <0          | >40         | <0           | <0          |
| <b>Average</b>                        | <b>15.7</b>   | <b>12.8</b> | <b>39.0</b> | <b>24.2</b> | <b>nm</b>    | <b>30.5</b> |
| <b>Median</b>                         | <b>9.5</b>    | <b>6.5</b>  | <b>39.0</b> | <b>24.2</b> | <b>nm</b>    | <b>30.5</b> |
| <b>Total Average</b>                  | <b>10.5</b>   | <b>10.3</b> | <b>14.9</b> | <b>14.9</b> | <b>14.5</b>  | <b>20.4</b> |
| <b>Total Median</b>                   | <b>7.9</b>    | <b>6.5</b>  | <b>10.6</b> | <b>11.3</b> | <b>11.7</b>  | <b>12.8</b> |
| <b>PAG</b>                            | <b>12.5</b>   | <b>5.3</b>  | <b>18.4</b> | <b>6.4</b>  | <b>20.8</b>  | <b>13.1</b> |
| <i>Discount vs. Total Median. (%)</i> | <i>58%</i>    | <i>-18%</i> | <i>74%</i>  | <i>-43%</i> | <i>78%</i>   | <i>2%</i>   |

Source: FactSet, Value Track Analysis

### Peers: 6M Price Performance (%), rebased to PAG stock



Source: FactSet, Value Track Analysis

## Valuation

We anchor on the pooled EV/EBITDA FY2 median of 6.5x and apply it to PAG's FY26E EBITDA of €2.3mn, deriving a Fair Enterprise Value of ~€15.0mn. Adding the Net Cash Position of €1.7mn + roughly €200k of treasury shares (at current market prices) yields a Fair Equity Value of ~€16.9mn, which translates to **€7.1 per share** based on ~2.4mn shares outstanding.

## 2# Valuation @ Maturity

Our Valuation at Maturity derives a **fair equity value of €6.6 p/s**. Particularly:

- Rolling the framework to 2028E (vs. 2026E in the previous update) to reflect the first consolidation year after initial commercialization of the 4-Seats in 2027E, and applying the Peers' EV/EBITDA FY0 total median (7.1x) to PAG's 2028E EBITDA;
- Performing the Venture Capital Method on Porto, discounting back at an 18.5% IRR to capture early-stage execution, scalability, and liquidity risks.

### PAG: Valuation at Maturity in 2028E

| Fair Enterprise Value (€mn)                               | FY28E       |
|-----------------------------------------------------------|-------------|
| Fair EV/EBITDA @ Maturity (x)                             | 7.1         |
| EBITDA                                                    | 3.2         |
| <b>Fair Enterprise Value @ Maturity</b>                   | <b>22.8</b> |
| Net Fin. Position [i.e., Net Debt (-) Cash (+)]           | 3.2         |
| EV Adjustments (i.e., treasury shares at current prices)  | 0.2         |
| <b>Fair Equity Value @ Maturity</b>                       | <b>26.2</b> |
| <b>Fair Equity Value Today (discounted w/IRR @ 18.5%)</b> | <b>15.8</b> |
| Number of Shares (mn)                                     | 2.4         |
| <b>Fair Equity Value p/s</b>                              | <b>6.6</b>  |

Source: FactSet, Value Track Analysis

### 3# Discounted Cash Flow

We conduct our DCF at the “current” capital structure, assuming a fully unlevered balance sheet ([Net Debt / (Net Debt + BVE) = 0]), consistent with the Company’s cash-positive position. The model is rolled forward by one year, using 2026E as the base year to better capture normalized production volumes and cash generation. For cross-checking, we also run a DCF under a target capital structure with moderate leverage, aligned with a balanced long-term financing strategy.

#### WACC Assumptions

Our DCF model is based on a **Rolling WACC of 12.3%**, derived using a Capital Asset Pricing Model (CAPM) approach and assuming the current unlevered capital structure.

The model includes explicit financial forecasts from 2026E through 2030E, with Terminal Value calculated as of 2030E using a 2.0% perpetuity growth rate. Key assumptions include a 2.0% risk-free rate, consistent with the ECB’s medium-term inflation target, and an unlevered beta of 0.98x, in line with European Air Transport peers (source: *Damodaran*). The Italian ERP is set at 5.37%, while a 5.0% company-specific risk premium accounts for the Company’s small-cap size and limited liquidity. We also assume a cost of debt of 3.42% and a corporate tax rate of 24%.

#### DCF Model

Yet, the results of our DCF analysis are summarized in the tables below. Based on the current unlevered capital structure, which incorporates an unlevered beta and a Rolling WACC, the implied fair equity value stands at **€7.2 p/s**.

#### PAG: DCF Model with Rolling WACC

| (€mn, g=2.0%)                                            | Rolling WACC |
|----------------------------------------------------------|--------------|
| PV of Future Cash-Flows 2026E-2030E                      | 3.7          |
| PV of Terminal Value 2030E                               | 12.0         |
| <b>Fair Enterprise Value</b>                             | <b>15.7</b>  |
| Net Cash Position 2025E                                  | 1.3          |
| EV Adjustments (i.e., treasury shares at current prices) | 0.2          |
| <b>Fair Equity Value</b>                                 | <b>17.2</b>  |
| Number of Shares (mn)                                    | 2.4          |
| <b>Fair Equity Value p/s (€)</b>                         | <b>7.2</b>   |

Source: Value Track Analysis

On the other hand, **under a target capital structure** with Net Debt = 20% of Capital Employed, the WACC is 11.3% and the **fair value increases to €8.0 p/s**.

#### PAG: Sensitivity of DCF Model @ Target Capital Structure

| Fair Equity Value p/s (€) | WACC (%) | Perpetuity Growth (%) |            |            |            |       |
|---------------------------|----------|-----------------------|------------|------------|------------|-------|
|                           |          | 1.00%                 | 1.50%      | 2.00%      | 2.50%      | 3.00% |
| 10.3%                     |          | 8.2                   | 8.5        | 8.9        | 9.4        | 9.9   |
| 10.8%                     |          | 7.7                   | 8.1        | 8.4        | <b>8.8</b> | 9.3   |
| 11.3%                     |          | 7.4                   | 7.6        | <b>8.0</b> | 8.3        | 8.7   |
| 11.8%                     |          | 7.0                   | <b>7.3</b> | 7.6        | 7.9        | 8.2   |
| 12.3%                     |          | 6.7                   | 6.9        | 7.2        | 7.5        | 7.8   |

Source: Value Track Analysis

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