

TPS GROUP

Business Services

1H26 Confirms a Healthy Growth Path

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.

1H26: Back to Organic Growth, With Margins Slightly Diluted

TPS delivered a good set of 1H26 results, in line with our expectations: *i)* Value of Production at €27.8mn (+8.5% y/y, c.50% of our previous FY26E), as higher activity in A&D and cable transportation more than offset the persistent weakness in Automotive; *ii)* EBITDA at €4.8mn (+4.7% y/y, c.48% of our previous FY26E), with margin down 63bps to 17.4% (18.0% in 1H25) as labour costs rose 11.6% y/y on new hires and investments in the TPS Training Academy; *iii)* Group Net Profit at €2.1mn (+4.4% y/y, c.43% of our previous FY26E), which was impacted by €0.3mn of extraordinary costs not related to the company's core business; *iv)* Cash generation remained positive, with OpFCF b.t. at €3.6mn (c.75% of EBITDA, c.54% of our previous FY26E) after €0.9mn of capex, mostly R&D (c.€0.7mn), bringing the Net Cash to €18.8mn (€18.4mn at FY25) after €0.9mn of dividends.

Repositioning Pays Off; 2H26 Outlook Remains Constructive

1H26 marks TPS's return to organic growth after a 2025 spent absorbing the Automotive contraction, with the first effects of the repositioning visible: aeronautics, defense and cable transportation are gaining weight, and assembly in Faggiano is growing, while labour cost, pushed by demand for hard-to-find STEM profiles, is the main cost pressure. Although 2H is seasonally weaker (August, December), management remains constructive and confirms further growth led by A&D, with momentum broadening beyond the main client to other historical customers. M&A remains on the table, with several dossiers open although timing and outcome are uncertain.

FY26E Trimmed, FY27E-28E Broadly Confirmed

Our updated 2026E-28E forecasts are as follows: *i)* VoP growing at 6.0% CAGR; *ii)* EBITDA margins to remain close to 18% in the whole period; *iii)* EBITDA in absolute value growing by ca. 6% per annum, up to €11mn in 2028E; *iv)* Average Free Cash Flow per annum at ca. €3.0mn driving 2028E Net Cash Position at ca. €27.4mn, i.e. some 46% of current stock market capitalisation.

Fair Value Raised to €10.3 per share (from €10.0)

We update our fair value to €10.3 per share, implying 5.4x-4.6x EV/EBITDA on 2026E-27E, vs. 3.9x-3.2x EV/EBITDA at current trading levels. As a further cross-check, recent take-private activity in the Italian peer cluster took place at around 6.6x FY1 EBITDA on average, which would imply a TPS value of c.€12.5 per share.

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FAIR VALUE (€) **10.3**

MARKET PRICE (€) **8.2**

MARKET CAP (€mn) **59.5**

KEY FINANCIALS	FY25	FY26E	FY27E
VALUE OF PRODUCTION	51.7	55.0	58.9
EBITDA	9.3	9.6	10.6
EBIT	6.6	6.9	7.5
NET PROFIT	4.3	4.5	5.1
GROUP NET EQUITY	38.3	42.1	46.5
NET DEBT (-) / NET CASH (+)	18.4	21.2	24.0
EPS ADJ.	0.63	0.66	0.71
DPS	0.09	0.10	0.11

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

RATIOS AND MULTIPLES	FY25	FY26E	FY27E
EBITDA MARGIN (%)	18.0	17.5	17.9
EBIT MARGIN (%)	12.8	12.5	12.7
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / NET EQUITY (x)	nm	nm	nm
ROE (%)	11.4	10.9	11.3
EV / SALES (x)	0.7	0.7	0.6
EV / EBITDA (x)	3.8	3.9	3.2
EV / EBIT (x)	5.3	5.4	4.6
P / E ADJ. (x)	11.9	12.4	11.6

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

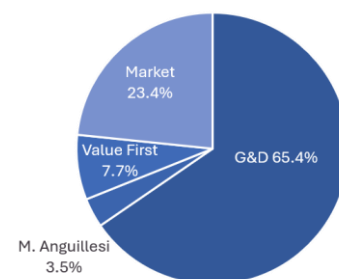
STOCK DATA	
MARKET PRICE (€)	8.2
NOSH (mn)	7.3
MARKET CAP (€mn)	59.5
ENTERPRISE VALUE FY26E (€mn)	37.0
FREE FLOAT (%)	31.1
AVG L30D VOLUME ('000)	3,479
RIC / BBG	TPS.MI/TPSIM
52WK MAX - MIN (€)	9.30-6.65

Source: Stock Market Data

Description

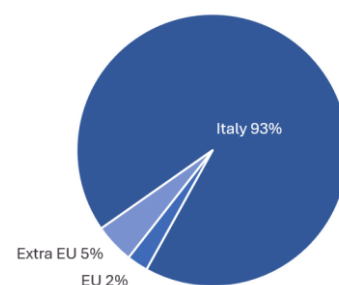
TPS is a B2B tech enabler providing highly specialised engineering advisory and design services to top tier industrial groups. Within the scope of its offering, TPS writes technical publications, implements cost engineering activities, develops proprietary software for avionics systems, designs and manufactures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

SHAREHOLDERS' STRUCTURE



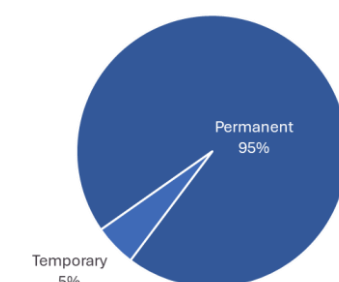
Source: TPS Group

REVENUES BY GEOGRAPHY



Source: TPS Group, 1H26

PERMANENT VS. TEMPORARY EMPLOYEES



Source: TPS Group, FY25 (Last Available)

STOCK MULTIPLES @ FV	FY26E	FY27E
EV / SALES (x)	0.9	0.8
EV / EBITDA (x)	5.4	4.6
EV / EBIT (x)	7.5	6.6
EV / CAP. EMPLOYED	2.5	2.2
OpFCFYield (%)	14.4	15.4
P / E (x)	15.5	14.5
P / BV (x)	1.8	1.6
Dividend Yield (%)	1.0	1.1

Source: Value Track Analysis

Financial Highlights

KEY FINANCIALS (IAS/IFRS, €mn)	FY25	FY26E	FY27E	FY28E
Value of Production	51.7	55.0	58.9	61.5
y/y (%)	nm	6.5%	7.1%	4.5%
EBITDA	9.3	9.6	10.6	11.0
EBITDA Margin (%)	18.0%	17.5%	17.9%	17.9%
EBIT	6.6	6.9	7.5	7.8
EBIT Margin (%)	12.8%	12.5%	12.7%	12.7%
Net Profit	4.3	4.5	5.1	5.3
y/y (%)	nm	5.5%	14.1%	3.4%
Adj. Net Profit	4.6	4.8	5.1	5.3
y/y (%)	nm	4.8%	6.9%	3.4%
Net Fin. Position [Net Debt (-) / Cash(+)]	18.4	21.2	24.0	27.4
Net. Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-3.5	-3.1	-3.5	-3.7
OpFCF b.t.	4.7	6.0	5.8	6.6
OpFCF b.t. / EBITDA (%)	50.7%	62.3%	55.2%	60.1%

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;
- Strongly cash-generative business model with very low capital requirements;
- A&D market 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 revenues;
- Challenges in attracting qualified workforce may still limit TPS' potential for sustained growth;

1H26 Financial Results

Key Figures & Messages

1H26 marked a clear return to organic growth: Value of Production rose 8.5% y/y, EBITDA and Net Profit improved in absolute terms, and the Net Cash Position strengthened further to €18.8mn. Higher labour costs slightly diluted margins, while the 1H delivered c.50% of our previous FY26E Value of Production and c.48% of EBITDA, in line with our expectations; Net Profit (c.43%) was held back by extraordinary costs. The main messages from the release are as follows:

- A&D and cable transportation drove the return to growth.** VoP reached €27.8mn (+8.5% y/y, all organic), as aeronautics, defence and cable transportation more than offset automotive weakness;
- EBITDA up in absolute terms, margin slightly diluted.** EBITDA grew 4.7% to €4.8mn, with margin down 63bps to 17.4% as labour costs (+11.6%) rose on hiring and Training Academy investments;
- Cash generation positive and Financial Position even stronger.** OpFCF pre-tax at €3.6mn (c.75% of EBITDA); Net Cash Position at €18.8mn, from €18.4mn at end-2025.

TPS Group: Key Financials 1H25-1H26

Key Financials (€mn)	1H25	1H26	y/y
Value of Production	25.6	27.8	+8.5%
EBITDA	4.6	4.8	+4.7%
EBITDA Margin (%)	18.0%	17.4%	-63bps
EBIT	3.3	3.5	+5.9%
EBIT Margin (%)	12.8%	12.5%	-31bps
Net Profit	2.0	2.1	+4.4%
Net Cash Position	18.4*	18.8	+0.5mn

Source: TPS Group, Value Track Analysis, (*) FY25

Top Line Back to Organic Growth, Driven by A&D and Cable Transportation

In 1H26, TPS Group posted Value of Production of €27.8mn, up 8.5% y/y from €25.6mn in 1H25, entirely on an organic basis, marking the return to growth after a 2025 spent absorbing the contraction in Automotive demand. Growth was driven by A&D and cable transportation, which more than absorbed the persistent weakness in automotive. More in detail:

- Aeronautical activities supported Technical Publishing & Training and Production (growing assembly at Faggiano), while Content Management (FORE) is still penalised by fewer car-launch programmes;
- Engineering skills continued to be reallocated towards energy, A&D, and cable transportation;
- Italy accounts for 92.6% of sales (extra-EU 4.7%, EU 2.7%).

EBITDA Up in Absolute Terms, While Margin Reflects Investments in People

Labour costs rose 11.6% y/y to €16.5mn, faster than the top line, on new hires (648 employees vs. 615 a year earlier), Training Academy investments and wage pressure on hard-to-find STEM profiles, while resources are gradually reallocated towards higher-growth sectors. More in detail:

- EBITDA stood at €4.8mn** (+4.7% y/y), with margin down by 63bps to 17.4%, as higher labour costs more than offset operating leverage; external services (+9.9%) also grew to cope with activity peaks;
- EBIT reached €3.5mn** (+5.9% y/y), with margin at 12.5% (12.8% in 1H25) and D&A stable at €1.4mn;
- Extraordinary charges of €0.3mn** (€0.2mn in 1H25) relate to the energy bonus paid to all employees in June (Persian Gulf war) and to EMTB's arbitration costs in Hong Kong to collect payment for work done for a large Chinese industrial group. Excluding them, pre-tax profit would have grown 7.2% y/y;
- Net Profit reached €2.1mn** (+4.4% y/y; €2.3mn before minorities), after €0.9mn taxes (28.3% tax rate).

Cash Generation Positive; Net Cash Position Up to €18.8mn

1H26 capex declined to €0.9mn (vs. €1.2mn in 1H25), mostly capitalised development costs (€0.7mn) for avionic retrofit certification, additive manufacturing, defence and AI projects. TPS delivered €3.6mn OpFCF pre-tax (c.75% of EBITDA vs. 87% in 1H25), as trade receivables grew with revenues and absorbed €1.1mn of cash. More in detail:

- Cash Position at €18.8mn (€18.4mn at end-2025) after €0.9mn taxes, €0.9mn dividends and €1.4mn other items, including the TFR transfer to the Treasury Fund (c.€0.3mn) and higher IFRS 16 liabilities;
- Cash & equivalents at €21.9mn (€21.0mn at end-2025); Group Net Equity at €39.8mn (from €38.3mn).

TPS Group: P&L 1H24-1H26

(€mn)	1H24	1H25	1H26	y/y
Value of Production	26.6	25.6	27.8	8.5%
Raw Materials, Δ Inventory	-0.7	-1.2	-1.0	-14.5%
Op. Costs	-6.8	-5.0	-5.4	8.4%
Labour Costs	-14.5	-14.8	-16.5	11.6%
EBITDA	4.6	4.6	4.8	4.7%
EBITDA Margin (%)	17.4%	18.0%	17.4%	-63bps
D&A (excl. Goodwill)	-1.1	-1.3	-1.4	1.8%
EBIT	3.5	3.3	3.5	5.9%
EBIT Margin (%)	13.1%	12.8%	12.5%	-31bps
Interest Expenses	0.1	0.0	0.0	nm
Other	-0.3	-0.2	-0.3	21.4%
Taxes	-0.9	-0.9	-0.9	5.5%
Minorities	-0.2	-0.2	-0.2	33.0%
Net Profit	2.2	2.0	2.1	4.4%
Net Profit Margin (%)	8.3%	7.9%	7.6%	-30bps

Source: TPS Group, Value Track Analysis

TPS Group: Balance Sheet 1H25-1H26

(€mn)	1H25	FY25	1H26
Net Fixed Assets	11.5	12.0	12.7
Net Working Capital	12.7	14.0	14.2
Provisions	6.4	6.0	6.0
Total Capital Employed	17.9	20.0	20.9
Group Net Equity	35.7	38.3	39.8
Net Financial Position	17.9	18.4	18.8

Source: TPS Group, Value Track Analysis

TPS Group: CF Statement 1H24-1H26

(€mn)	1H24	1H25	1H26
EBITDA	4.6	4.6	4.8
Δ Net Working Capital	2.7	0.4	-0.2
Capex (excl. Financial Investments)	-1.0	-1.2	-0.9
Δ Provisions	-0.1	0.2	-0.1
OpFCF b.t.	6.2	4.0	3.6
<i>As a % of EBITDA</i>	<i>135.0%</i>	<i>87.2%</i>	<i>74.5%</i>
Cash Taxes	-0.9	-0.9	-0.9
Other	-0.8	-0.9	-1.4
Net Financial Charges	0.1	0.0	0.0
Dividends Paid to TPS SpA sh.holders	-0.8	-0.8	-0.9
Δ Net Financial Position	3.9	1.5	0.5

Source: TPS Group, Value Track Analysis

Key Takeaways from Management

Management's message: TPS is **exiting the reorganisation phase** and entering a growth phase more focused on Aerospace & Defence, with greater vertical integration and a more diversified client base.

#1 Repositioning Is Becoming Tangible, With Resources Shifting Away From Automotive

1H26 shows the first effects of the repositioning: **resources and skills are moving from Automotive** towards verticals with better prospects, after a 2025 spent on internal optimisation. In this context:

- further investments are planned in the platform (**Training Academy, process rationalisation**) to support efficiency and future growth;
- specialised profiles remain hard to hire and retain in a tight labour market; the cost impact was concentrated in 1H26 and organisational and training measures are under way;
- cost inflation is partly absorbed by efficiencies, while pass-through to clients is not always possible.

#2 Aerospace Is the Strategic Core, With Growth Broadening Across Clients

Aerospace is the strategic core and the main growth engine of the group, in a dynamic phase for the sector. Growth is not limited to the main client: other customers with whom TPS had already worked in the past are also contributing. At the same time, TPS is moving up the value chain, from documentation, engineering, avionics software and training towards production and assembly of certified components and kits (Faggiano), which leaves room for further share gains with major Italian customers.

#3 Diversification Remains the Right Path

Continuing to diversify is the natural follow-up and the right path. TPS keeps consolidating relationships with existing clients and developing those started with new Italian and international customers, while seeing opportunities in energy, railway and other industrial end-markets. With Automotive still estimated below 10% of sales, the group is increasingly exposed to more attractive end-markets.

#4 Investing in R&D and Technology, With AI as an Efficiency Lever

TPS keeps investing to raise the technological content of its offering beyond traditional engineering: R&D spend was c.€0.7mn in 1H26, fully capitalised and focused on A&D. Main projects:

- avionic retrofit of legacy aircraft and helicopters with Garmin glass-cockpit suites, including the EASA certification path;
- additive manufacturing for small satellite components (with Unisalento and Politecnico di Bari) and hybrid-propulsion UAV modules;
- participation in the European KITE consortium for a new-generation light aircraft, and a VR parachute-training simulator;

AI is already delivering internal efficiency gains, but management wants to use it consciously; some more ambitious projects are being tested, not yet public.

#5 Constructive 2H26 Outlook; M&A Remains a Strategic Option

2H is seasonally lighter for TPS, as August and December weigh on working days, but management's tone remains constructive:

- growth in engineering & design, avionics, aerospace assembly, energy and industrial automation;
- M&A: several dossiers are on the table, although timing and outcome remain uncertain;
- no further significant extraordinary charges are expected in 2H26.

2026E-28E Estimates

Following 1H26 results, we fine-tune our estimates, with the changes concentrated in FY26E. Value of Production is trimmed by 1% to €55.0mn: 1H26 (€27.8mn) accounts for just over 50% of the year, and we expect a seasonally lighter 2H (August, December), with growth slowing to c.+4% y/y from +8.5% in 1H. We cut FY26E EBITDA by 4% to €9.6mn (margin at 17.5%, -45bps), to reflect the margin dilution from higher labour costs. FY26E EBIT is lowered by 4% to €6.9mn, mainly on lower EBITDA, while Adjusted Net Profit, which excludes the €0.3mn non-recurring charges booked in 1H26 below EBIT, is trimmed by 2% to €4.8mn (reported Net Profit is €4.5mn, -8%). Capex is now €3.1mn (from €3.5mn), as 2H investments are limited to projects already budgeted, and NWC is €14.5mn. As a result, FY26E Net Cash Position is €21.2mn (vs. €22.1mn previously), and we see it c.€0.4-0.9mn lower over the forecast period, while 2027E-28E EBITDA estimates are unchanged and earnings trimmed by c.1%.

TPS Group: 2026-28E Estimates Revision

(€mn)	2026E			2027E			2028E		
	Old	New	Chg. %	Old	New	Chg. %	Old	New	Chg. %
Value of Production	55.7	55.0	-1%	58.9	58.9	0%	--	61.5	--
EBITDA	10.0	9.6	-4%	10.6	10.6	0%	--	11.0	--
EBITDA margin	17.9%	17.5%	-45 bps	17.9%	17.9%	3 bps	--	17.9%	--
EBIT	7.2	6.9	-4%	7.6	7.5	-1%	--	7.8	--
EBIT margin	12.9%	12.5%	-38 bps	12.8%	12.7%	-8 bps	--	12.7%	--
Net Profit Adj.	4.9	4.8	-2%	5.2	5.1	-1%	--	5.3	--
Net Financial Position	22.1	21.2	-0.9	24.5	24.0	-0.5	--	27.4	--

Source: TPS Group, Value Track Analysis

As a result, our updated 2026E–28E forecasts are as follows:

- **Value of Production** at €61.5mn in 2028E, **growing at mid-single-digit pace** (6.0% CAGR 25A-28E). 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 (17.5% in 2026E, 17.9% in 2027E-28E), thanks to efficiency gains offsetting negative operating leverage;
- EBITDA in absolute value growing by ca. 6% per annum, up to €11.0mn in 2028E;
- Net Profit growing a more than proportional 7.6% per annum, up to €5.3mn in 2028E;
- **Average Free Cash Flow per annum at €3.0mn** driving 2028E Net Cash Position at ca. €27.4mn, i.e. some 46% of current stock market capitalisation.

TPS Group: 2025A-28E Key Financials

(€, mn)	2025	2026E	2027E	2028E
Value of Production	51.7	55.0	58.9	61.5
EBITDA	9.3	9.6	10.6	11.0
EBITDA Margin (%)	18.0%	17.5%	17.9%	17.9%
EBIT	6.6	6.9	7.5	7.8
EBIT Margin (%)	12.8%	12.5%	12.7%	12.7%
Net Profit	4.3	4.5	5.1	5.3
Net Fin. Pos. [Net Debt (-) Cash (+)]	18.4	21.2	24.0	27.4

Source: TPS Group, Value Track Analysis

TPS Group: Profit & Loss 2025A-28E

(€, mn)	2025	2026E	2027E	2028E
Value of Production	51.7	55.0	58.9	61.5
Raw Materials, Δ Inventory	-1.8	-2.0	-2.1	-2.2
Gross Profit	49.8	53.0	56.8	59.3
Gross Margin (%)	96.5%	96.4%	96.4%	96.4%
Op. Costs	-10.1	-10.4	-11.9	-12.4
Labour Costs	-30.4	-33.0	-34.3	-35.9
EBITDA	9.3	9.6	10.6	11.0
EBITDA Margin (%)	18.0%	17.5%	17.9%	17.9%
D&A (excl. Goodwill)	-2.7	-2.7	-3.1	-3.2
Provisions	0.0	0.0	0.0	0.0
EBIT	6.6	6.9	7.5	7.8
EBIT Margin (%)	12.8%	12.5%	12.7%	12.7%
Interest Expenses	-0.1	0.0	0.0	0.0
Other	-0.3	-0.3	0.0	0.0
Taxes	-1.7	-1.8	-2.1	-2.2
Minorities	-0.2	-0.2	-0.3	-0.3
Net Profit	4.3	4.5	5.1	5.3
Net Profit Margin (%)	8.3%	8.2%	8.7%	8.6%

Source: TPS Group, Value Track Analysis

TPS Group: Balance Sheet 2025A-28E

(€, mn)	2025	2026E	2027E	2028E
Net Fixed Assets	12.0	12.4	12.9	13.4
Net Working Capital	14.0	14.5	15.7	16.4
Provisions	6.0	6.0	6.1	6.1
Total Capital Employed	20.0	20.9	22.5	23.7
Group Net Equity	38.3	42.1	46.5	51.1
Net Financial Position	18.4	21.2	24.0	27.4

Source: TPS Group, Value Track Analysis

TPS Group: Cash Flow Statement 2025A-28E

(€, mn)	2025	2026E	2027E	2028E
EBITDA	9.3	9.6	10.6	11.0
Δ NWC	-0.9	-0.5	-1.2	-0.7
Capex (excl. Financial Inv.)	-3.5	-3.1	-3.5	-3.7
Δ Provisions	-0.1	0.0	0.0	0.0
OpFCF b.t.	4.7	6.0	5.8	6.6
As a % of EBITDA	50.7%	62.3%	55.2%	60.1%
Cash Taxes	-1.7	-1.8	-2.1	-2.2
Other (incl. Financial Inv.)	-0.3	-0.6	-0.2	-0.2
Net Financial Charges	-0.1	0.0	0.0	0.0
Dividends Paid	-0.6	-0.7	-0.7	-0.8
Δ Net Financial Position	1.9	2.9	2.8	3.4
Net Financial Position	18.4	21.2	24.0	27.4

Source: TPS Group, Value Track Analysis

Valuation

Fair value is updated to **€10.3 per share (up from €10.0)**, implying **5.4x–4.6x EV/EBITDA on 2026E–27E**, vs. **3.9x–3.2x** at which TPS is currently trading.

Our fair value reflects:

- a **DCF-based valuation of €10.6 p.s.** (from €10.4 p.s. previously), reflecting the roll-forward of the DCF to 2026, the extension of the explicit forecast period to 2027E-2032E (from 2026E-2030E), a lower perpetuity growth rate (1.0% vs. 1.5% previously) and, in the equity bridge, the deduction of minorities and the addition of treasury shares;
- a **Peers-based valuation of €10.0 p.s.** (from €9.6 p.s. previously): peer multiples are up c.13% on average: the share price effect (c.+19%) was partly offset by the effect of higher earnings estimates (c.–7%), which mechanically lowers multiples. The rise, however, is driven by a few cases where multiples were lifted by extraordinary factors (the median share price gain is only +9.9%): Bertrandt, whose multiples are inflated by depressed earnings after its guidance cut; Arcadis, whose price still incorporates the premium from WSP's rejected public offers; and TXT, whose multiples reflect a much larger perimeter after six acquisitions this year. Given these distortions, and as tender offers keep taking the smaller names out of the cluster and lifting its average size, we raise the discount applied to peers to 15% (from 10%).

Recent **take-private activity** in the peer cluster also provides a supportive valuation cross-check. Since June 2025, four public tender offers have been announced. While such transactions incorporate a control premium, the three Italian deals were struck at an **average of ~7.7x FY0 EBITDA and ~6.6x FY1 EBITDA**, which would point to a **TPS fair value of c.€12.5 per share**, above our current fair value.

TPS Group: Peers' Trading Multiples

Peers	EV / EBITDA (x)		EV / EBIT (x)		P/E (x)	
	2026E	2027E	2026E	2027E	2026E	2027E
ATE-FR	5.4	4.6	6.6	5.6	11.7	10.5
ALSOG-FR	6.2	5.0	11.5	8.6	13.0	10.7
BDT-DE	10.4	3.6	<0	11.1	<0	10.7
ED4-DE	4.7	2.8	>40	6.7	<0	8.7
ARCAD-NL	8.1	6.9	10.5	8.7	15.1	11.6
Average	7.0	4.6	9.6	8.1	13.3	10.5
Median	6.2	4.6	10.5	8.6	13.0	10.7
TXT-IT	10.8	8.8	22.4	13.6	30.7	17.5
RETI-IT	6.6	5.4	8.7	6.8	10.9	8.8
REY-IT	7.9	6.9	9.4	8.2	15.3	14.1
Average	8.4	7.0	13.5	9.5	19.0	13.5
Median	7.9	6.9	9.4	8.2	15.3	14.1
Total Average	7.5	5.5	11.5	8.6	16.1	11.6
Total Median	7.2	5.2	9.9	8.4	14.0	10.7

Source: Market Consensus, Value Track Analysis

TPS Group: PTOs within the Peer Cluster and Multiples

Company	Deal Date	Offer Price	EV	EBITDA FY0	EBITDA FY1	EV / EBITDA FY0	EV / EBITDA FY1
STAR7	01/04/2026	11.9	128.2	18.6	21.2	6.9	6.0
Spindox	11/11/2025	13.0	72.1	9.9	12.0	7.3	6.0
Tinexta	05/08/2025	15.0	991.6	110.8	128.0	8.9	7.7
Average (Ita)						7.7	6.6
Ricardo plc	11/06/2025	4.3	410.0	61.0	50.0	6.7	8.2
Average (All)						7.5	7.0

Source: Market Consensus, Value Track Analysis

Discounted Cash Flow Model

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

- DCF rolled forward to 2026 (base year) with the time horizon for explicit forecasts extended to 2027E - 2032E (previously 2026E - 2030E);
- 2.0% Risk Free Rate in line with medium term inflation target;
- Unlevered Beta at 1.0, a standard assumption for an Italian SME;
- Implied Italian Equity Risk premium at 5.0% (Source: Damodaran);
- 2.5% Company Specific Risk Premium, as a 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;
- 1.0% Perpetuity Growth Rate (“g”).

The outcome is a **DCF-based €10.6 fair value per share**. In the equity bridge, we now also account for the value of minorities, calculated as the average of a P/E multiple that we deem fair at 12x and a P/BV multiple that we deem fair at 1.5x, which gives €2.1mn, and for the market value of treasury shares (€1.3mn).

TPS Group: DCF Model with Rolling Capital Structure

(€mn, g = 1.0%)	(€mn)
PV of Future Cash-Flows 2027E-2032E	20.4
PV of Terminal Value 2032E	35.9
Fair Enterprise Value	56.2
Net Cash Position 2026E	21.2
Minorities	-2.1
Treasury shares @ 8.20 Mkt Value	1.3
100% Fair Equity Value	76.7
Fair Equity Value p.s. (€)	10.6

Source: Value Track Analysis

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