

## Update

## BUY

Target price: EUR 12.30

**Industry:** Software and IT Service  
**Country:** Italy  
**ISIN:** IT0001454435  
**Bloomberg:** TXT:IM  
**Reuters:** TXTS.MI  
**Website:** txtgroup.com

**Last Price:** 11.06  
**High** **Low**  
**Price 52 W.:** 13.20 6.95  
**Market Cap. (EURm)** 129.31  
**No. of Shares** 11.69

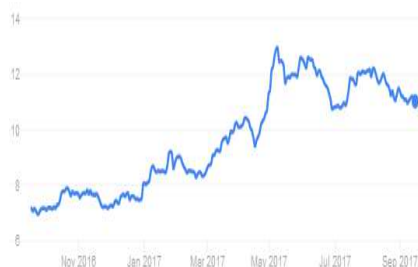
## Shareholders

**4CV PTE** 25.62%  
**A. Braga IIIa** 13.96%  
**Treasury shares** 9.92%  
**Kabouter LLC** 7.96%  
**Allianz GI GmbH** 2.31%  
**Management** 7.90%  
**Float** 32.33%

## Dividend

	in EUR	in %
2012	0.40	17.6%
2013	0.20	2.8%
2014	0.25	3.9%
2015	0.25	3.4%
2016	0.30	3.1%

## 1-year Chart



## Analyst:

**Dr. Norbert Kalliwoda**  
**nk@kalliwoda.com**

## TXT e-solutions S.p.A.

## New growth perspective after disposal of Aptos

- TXT reported revenues of € 36.1 million in H1 2017, up +8.9% compared to H1 2016 (€ 33.2 million). The growth was mainly driven by revenues from Pace GmbH (€ 1.9 million, acquisition and consolidation since April 1, 2016) and organic growth (+3.7%).
- TXT Retail generated € 18.2m, which constituted 504% of group revenues and recorded growth of +2.5% compared to 6M/2016 (previous period: € 17.8m). TXT Retail generated EBITDA of € 1.47m in 6M/17, a margin of 8.1% (vs. the group margin of 9.5%).
- On July 24th TXT signed a contract for the inclusion of its TXT Retail Division to Aptos, Inc. (USA). The agreed price of € 85m will be paid in cash by Aptos.
- Focus on TXT Next with substantial cash on hand, allow the Company to develop aeronautical, the auto industry, transport, and complex industrial systems. We see tremendous potential in these areas. Specifically, we see potential for synergies due to acquisition of PACE in the field of on-board software, flight simulators, and flight training system. Therefore, we regard the deal with Aptos as beneficial for the Company growth.
- Overall, 6M figures came in strong, with top line being in line with our expectations. Some concerns may raise bottom line of the business in 6M/2017, we expected higher number. However, looking forward, we expect the Company's profit yoy momentum to remain positive for the coming quarters.
- Due to some uncertainty regarding the closing deal with Aptos, we leave our estimates unchanged, slightly increasing the target price and therefore setting a 12-month target price at EUR 12.30, with upside around 12% at the current price.

## Key Facts

EURm	2012	2013	2014	2015	2016	2017E
<b>Net sales</b>	46.5	52.6	55.9	61.5	69.2	75.9
<b>EBITDA</b>	5.3	6.3	6.8	5.9	8.2	8.8
<b>EBIT</b>	4.2	5.0	5.5	4.8	6.9	7.6
<b>Net income</b>	5.1	4.6	4.2	3.9	5.6	6.0
<b>EPS</b>	0.9	0.4	0.3	0.3	0.5	0.5
<b>BVPS</b>	4.8	2.4	2.2	2.6	2.9	3.2
<b>RoE</b>	19.6%	16.6%	14.4%	11.5%	16.2%	16.1%
<b>EBIT margin</b>	9.1%	9.4%	9.8%	7.8%	10.0%	10.0%

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## 1. Profile

TXT e-solutions SpA is a profitable international software specialist. Headquartered in Milan (Italy), TXT filled an empty space in the supply chain IT solutions, developing planning software solutions in end-to-end retail for the luxury and fashion sector. The company is divided in two business divisions: TXT Retail, which provides IT planning solutions for luxury, fashion, retail and consumer goods, and TXT Next which focus in software for complex operation and manufacturing for aerospace, defence, high-tech and finance.

After the IPO in 2000, TXT invested to become a global supply chain software vendor with a geographic coverage of all main markets. The company has offices in the North America, Germany, France, Spain, the UK and in the Asia Pacific. With organic growth in both the divisions, the company recorded a significant increase in revenues during the years (CAGR +12% in 2010-2016).

## 2. PACE GmbH (Berlin-Headquartered)

On April 1, 2016, TXT e-solutions completed the acquisition of the Berlin-based Pace GmbH, software providers for the aerospace and aviation industries. The acquisition reinforced TXT Next aerospace business division. Pace performed well in 2015, with consolidated results showing revenues of €7.3m. Net financial position of PACE was positive by €2.3m. PACE has 70 employees mostly in Berlin, with activities in the aerospace hubs of Toulouse (F) and Seattle (USA).

TXT bought the 79% of PACE shares directly from its investors (eCAPITAL AG, Strategic European Technologies NV, and IBB Beteiligungsgesellschaft mbH). The acquisition of Pace GmbH completed on 1 April 2016 involved a net disbursement of € 6.8 million, broken down as follows:

- € 7.7 million already paid upon purchase of 79% of the company's shares;
- an additional € 1.4 million in estimated future payments to exercise the put/call option in 2020-2021 to purchase the remaining 21% of the company's shares; payment of the "Earn-out 2016" and other contractual terms;
- -€ 2.3 million for the net financial benefit arising from the acquisition of Pace, generated by the balance of cash acquired (€ 3.5 million) and financial debt acquired (€ 1.2 million).

The three founders therefore will remain shareholders and managing directors (21% of the capital will be held by them) and agreed with TXT a put-call option to be exercised in the period 2020-2021.

PACE customer base includes: Maintenance, Repair & Overhaul (MRO) companies, such as Airbus (D and F), Boeing (USA), Lufthansa (D), GE Aviation (USA), Safran Group (F), COMAC (China), Sukhoi (Russia), Embraer (Brasil), Rolls-Royce (UK), Air France & KLM Engineering (F) and Delta Air Lines (USA).

The integration of TXT Next and Pace GmbH might develop further benefits, due to the complementary solutions that TXT Next can integrate in Pace such as the on board software, simulation, training system and advanced manufacturing for aerospace. The joining forces can bring new advanced software solutions and expand the product portfolio for TXT Next clients. TXT Next and Pace will focus on high value niches across the entire value chain in the software aviation industry.

### 3. SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Pioneer in the supply chain software for fashion and luxury. In TXT Retail division 89% of sales from abroad.</li> <li>- Self-financed business through profits, free cash flows and growing stock values.</li> <li>- High entry barriers, given its customized and innovative solutions and well-established relationships.</li> <li>- Loyal customer base, with well-known clients (i.e. Louis Vuitton (F), Swatch (CH), Adidas (D), Burberry (UK)).</li> <li>- Net financial position positive for € 5.4m (31 December 2016).</li> <li>- Solid shareholder base: founder owns almost 14% of the capital, and a significant stakes is owned by co-workers &amp; management.</li> </ul>	<ul style="list-style-type: none"> <li>- Significant goodwill position, which amount to 52% of equity (31 December 2016).</li> <li>- Limited presence in emerging markets such as Asia, Pacific, Africa, the Middle East and Latin America. Strong focus in the no-food area.</li> <li>- Continuous investments in marketing and R&amp;D in order to compete with big players.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Growth in the aerospace segment, given the expertise and international client portfolio acquired with PACE GmbH.</li> <li>- Business development in North America, Asia and Pacific area. In 2015 a new office was opened in Hong Kong and Singapore.</li> <li>- Improving revenues mix with higher sales from licenses and maintenance in the retail segments. Monetization of existing clients with new products and service.</li> <li>- International growth through acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>- Uncertainty in the retail fashion and luxury market, given the economic slowdown and industry transformation.</li> <li>- High competition from larger players.</li> <li>- Currency risks for the consolidated financial statements as TXT generates more than 20% sales outside the Euro Area, even if revenues are hedged almost perfectly with costs incurred in the same currency.</li> </ul>

Source: Dr. Kalliwoda International Research GmbH

### 4. Valuation

Our valuation is based on a traditional DCF model (100%). We have forecasted the revenues CAGR of 5.3% and average EBIT margin of 10.5% in the period 2017-2020. The WACC (weighted average cost of the capital) remains unchanged to our previous update: risk-free rate 1.4%, market premium 6.0% (expected return minus risk-free ratio), beta equal to 1 and the tax rate of 20.1% (average of the last four years). Assuming that the target capital structure will not change in the subsequent years, the WACC consequently was 6.4%. Our price target based on our DCF-Model is €12.30 per share.

## a. WACC

DCF model		DCF model	
Input		Output	
<b>WACC Calculation</b>		<b>Enterprise value</b>	
<b>Target Capital Structure</b>		Present value of Free Cash Flow	22,5
Debt to Total Capitalization	15,4%	<b>Terminal Value</b>	168
Equity to Total Capitalization	84,6%	Discount Factor	0,8
<b>Cost of Equity</b>		<b>Present Value of Terminal Value</b>	127
Risk-free rate	1,4%	% of Enterprise Value	85%
Market risk Premium	6,0%	<b>Enterprise value</b>	149,3
Levered Beta	1,00	Less: Total debt	2,2
<b>Cost of Equity</b>	7,4%	Plus: Cash and Cash Equi.	7,6
<b>Cost of Debt</b>		Net Debt	5,4
Cost of Debt	1,5%	<b>Implied Equity Value</b>	143,9
Taxes	20,1%	Outstanding shares	11,7
<b>After Tax Cost of Debt</b>	1,2%	<b>Implied share price</b>	12,3
<b>WACC</b>	6,4%	<b>Implied multiples</b>	
(1) Obtained from Beta and Capital Structure tab		Enterprise Value	149
(2) Interpolated Yield on 10-year Treasury bond		SALES 2010	69
(3) Obtained from PWC market risk study 2010		EBITDA 2010	8
(4) Obtained from Beta and Capital Structure tab		<b>Implied EV/SALES</b>	2,2x
(5) Obtained from PWC market risk study 2010		<b>Implied EV/EBITDA</b>	18,2x

Source: Dr. Kalliwoda International Research GmbH

## b. DCF-Model

EURm	DCF model							CAGR (17 - 20)	Forecast period			
	2011	2012	2013	2014	2015	2016	2017		2018	2019	2020	
Sales	40,1	46,5	52,6	55,9	61,5	69,2	4,1%	75,9	82,4	86,6	89,1	
% growth		15,8%	13,0%	6,3%	10,1%	12,4%		9,8%	8,6%	5,1%	2,9%	
<b>EBITDA</b>	<b>4,4</b>	<b>5,3</b>	<b>6,3</b>	<b>6,8</b>	<b>5,9</b>	<b>8,2</b>	7%	<b>8,8</b>	<b>9,6</b>	<b>10,7</b>	<b>11,4</b>	
% margin	11,0%	11,4%	11,9%	12,2%	9,6%	11,9%		11,6%	11,7%	12,3%	12,8%	
Depreciation & Amortization:	-3,5	-1,1	-1,3	-1,3	-1,1	-1,3		-1,2	-1,3	-1,4	-1,4	
% sales	8,8%	2,3%	2,5%	2,4%	1,8%	1,9%		1,6%	1,6%	1,6%	1,6%	
<b>EBIT</b>	<b>0,9</b>	<b>4,2</b>	<b>5,0</b>	<b>5,5</b>	<b>4,8</b>	<b>6,9</b>	7%	<b>7,6</b>	<b>8,3</b>	<b>9,3</b>	<b>10,0</b>	
								10,0%	10,1%	10,7%	11,3%	
Taxes	-0,6	-0,2	0,1	-1,0	-0,8	-1,5		-1,5	-1,7	-1,9	-2,0	
Capex	-2,2	-0,4	-0,5	-0,6	-0,8	-0,7		-1,0	-1,1	-1,2	-1,1	
% sales	5,4%	0,9%	0,9%	1,1%	1,2%	1,0%		1,4%	1%	1%	1%	
Increase/Decrease in NWC	-1,26	-1,69	1,21	-1,39	-4,38	2,45		-1,6	-0,2	-0,9	0,4	
<b>Unlevered Free Cash Flow</b>	<b>0,38</b>	<b>3,05</b>	<b>7,12</b>	<b>3,75</b>	<b>0,01</b>	<b>8,51</b>		<b>4,59</b>	<b>6,6</b>	<b>6,7</b>	<b>8,6</b>	
WACC	6,4%											
Discount Period								1,0	2,0	3,0	4,0	
Discount Factor								0,9	0,9	0,8	0,8	
<b>Present value of free cash flow</b>								<b>4,3</b>	<b>5,9</b>	<b>5,6</b>	<b>6,7</b>	

Source: Dr. Kalliwoda International Research GmbH

## 5. Financial results 6M/2017

TXT reported revenues of € 36.1 million in H1 2017, up +8.9% compared to H1 2016 (€ 33.2 million). The growth was mainly driven by revenues from Pace GmbH (€ 1.9 million, acquisition and consolidation since April 1, 2016) and organic growth (+3.7%).

Software revenues from licences, subscriptions and maintenance amounted to € 9.0m, higher by +7.4% compared to 6M/2016, while Service revenues equalled at € 27.1m which corresponds to increase of +9.4% compared to 6M/2016.

TXT Retail generated € 18.2m, which constituted 50.4% of group revenues and recorded growth of +2.5% compared to 6M/2016 (previous period: € 17.8m). TXT Retail generated EBITDA of € 1.47m in 6M/17, a margin of 8.1% (vs. the group margin of 9.5%).

The other segment, TXT Next recorded € 17.9m in revenues with significant increase of +16.2%. The segment EBITDA of € 1.95m corresponds to a margin of 10.9%

In terms of profitability, the Company generated € 3.3m of EBITDA, while Operating Income equalled at € 2.6m which constitutes decrease by -7.6% compared to 6M/2016. The net income was € 1.6m and was lower by € 0.4m than in 6M/2016.

With regards to Balance Sheet, the company Assets amounted to € 59.4m (previous period: € 62.5m). Total Shareholders' Equity amounted to € 32.3m (previous period: € 34.3m). Net financial position amounted to € 5.47m (previous period: € 5.37m). The company ended 6M/17 with net cash of € 5.5m.

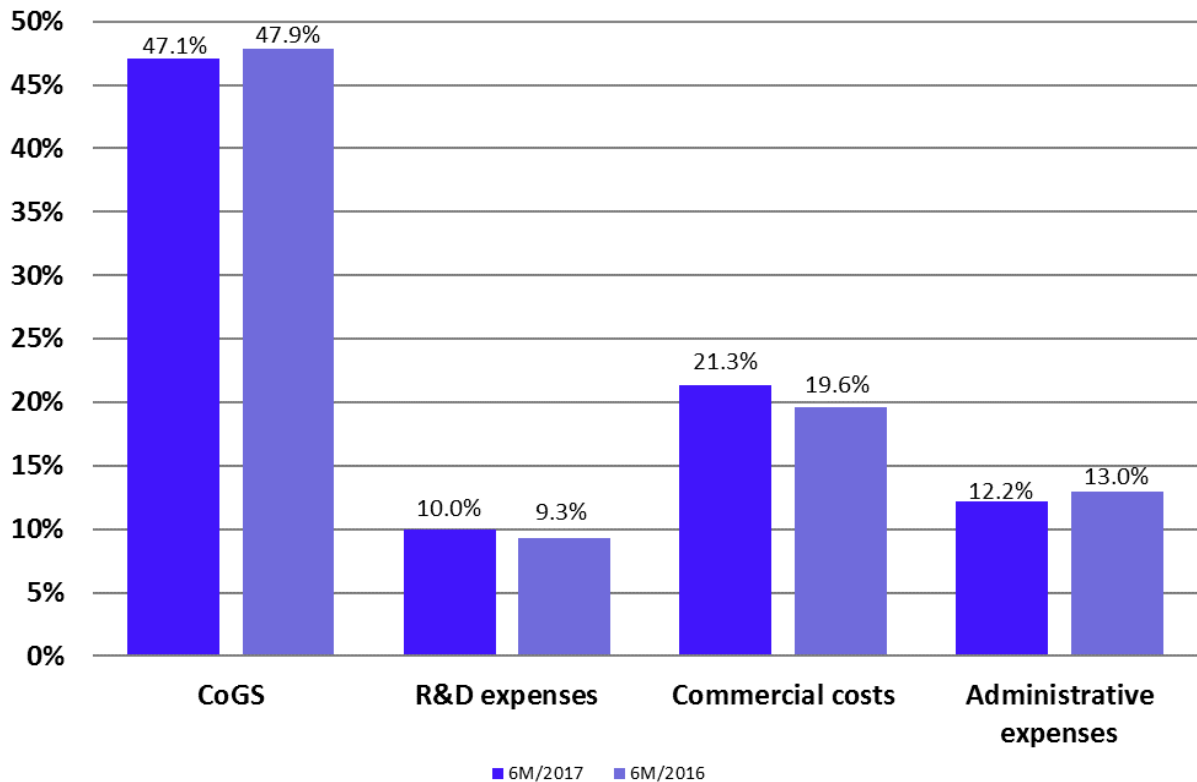
On July 24th TXT signed a contract for the inclusion of its TXT Retail Division to Aptos, Inc. (USA). The agreed price of € 85m will be paid in cash by Aptos

### Key figures 6M/2017 vs. 6M/2016

6M/2017 vs. 6M/2016			
in EURm	6M/2017	6M/2016	%
Net sales	36.1	33.2	8.7%
EBITDA	3.3	5.9	-44.2%
EBITDA margin	9.1%	17.8%	
EBIT	2.6	2.8	-7.1%
EBIT margin	7.2%	8.4%	
Net income	1.6	2.0	-20%
Net margin	4.4%	6.0%	

Source: company data, Dr. Kalliwoda International Research GmbH

## 6. Profitability



Source: company data, Dr. Kalliwoda International Research GmbH

## 7. Outlook

Overall, 6M figures came in strong, with top line being in line with our expectations. Some concerns may raise bottom line of the business in 6M/2017, we expected higher number. However, looking forward, we expect the Company's profit yoy momentum to remains positive for the coming quarters.

Focus on TXT Next with substantial cash on hand, allow the Company to develop aeronautical, the auto industry, transport, and complex industrial systems. We see tremendous potential in these areas. Specifically, we see potential for synergies due to acquisition of PACE in the field of on-board software, flight simulators, and flight training system. Therefore, we regard the deal with Aptos as beneficial for the Company growth.

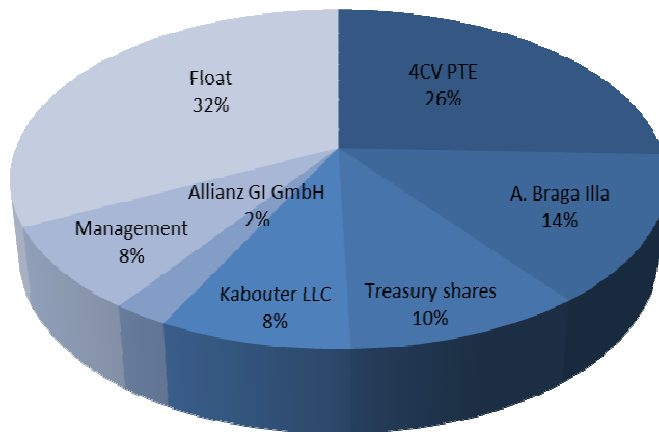
Over the approaching years, we anticipate continuously raising profit margins, if additional products are successfully migrated to the new software platform.

Due to some uncertainty regarding the closing deal with Aptos, we leave our estimates unchanged, slightly increasing the target price and therefore setting a 12-month target price at EUR 12.30, with upside around 12% at the current price.

## 8. Shares

At the end of 2016, the company held about 10.4% of issued shares, bought at an average price of €2.44. The holding company 4CV PTE Ltd held 25.6%, followed by the founder A. Braga Illa with 14.0%, Kabouter Management LLC 7.96% (US-based investor), the management 8.1% and the recent participation of Allianz Global Investors GmbH 2.3%.

### Shareholders' structure (December, 31 2016)



Source: company data, Dr. Kalliwoda International Research GmbH



## 9. Financials

### a. Profit and Loss Statement

#### Profit & Loss Statement - TXT e-solutions S.p.A.

€ thousands	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017E
<b>Total revenue</b>	<b>46,50</b>	<b>52,56</b>	<b>55,88</b>	<b>61,54</b>	<b>69,15</b>	<b>75,93</b>
Costs of sales	-22,35	-24,85	-26,46	-29,19	-32,04	-33,16
Gross profit	24,15	27,71	29,43	32,35	37,11	42,77
Research and development expenses	-4,09	-4,76	-4,70	-5,12	-6,55	-6,81
Sales, marketing and distribution expenses	-8,98	-10,17	-11,09	-12,68	-13,57	-14,73
General and administrative expenses	-5,76	-6,51	-6,84	-8,63	-8,77	-12,42
Amortisation and depreciation	-1,08	-1,31	-1,33	-1,12	-1,31	-1,21
<b>EBIT</b>	<b>4,24</b>	<b>4,96</b>	<b>5,47</b>	<b>4,79</b>	<b>6,91</b>	<b>7,59</b>
Financial income/expense net	0,13	-0,44	-0,25	-0,15	0,11	0,11
Earnings before taxes	4,37	4,52	5,22	4,64	7,01	7,70
Income taxes	-0,18	0,12	-1,05	-0,76	-1,46	-1,73
Minorities/Non recurring profit	0,94	0,00	0,00	0,00	0,00	0,00
Net income	5,14	4,64	4,17	3,88	5,56	5,97
EPS	0,94	0,44	0,32	0,30	0,48	0,51
DPS	0,40	0,20	0,25	0,25	0,27	0,28
<b>Profit &amp; Loss (Year on Year)</b>						
Total revenue	16%	13%	6%	10%	12%	10%
Costs of sales	14%	11%	6%	10%	10%	3%
Gross profit	17%	15%	6%	10%	15%	15%
Research and development expenses	46%	16%	-1%	9%	28%	4%
Sales, marketing and distribution expenses	13%	13%	9%	14%	7%	9%
General and administrative expenses	6%	13%	5%	26%	2%	42%
Amortisation and depreciation	-69%	21%	1%	-15%	16%	-7%
<b>EBIT</b>	<b>387%</b>	<b>17%</b>	<b>10%</b>	<b>-12%</b>	<b>44%</b>	<b>10%</b>
Financial income/expense net	81%	-435%	-43%	-39%	-170%	3%
Earnings before taxes	364%	3%	15%	-11%	51%	10%
Income taxes	-70%	-169%	-964%	-27%	91%	19%
Net income	-64%	-10%	-10%	-7%	43%	7%
<b>Profit &amp; Loss (% of Revenues)</b>						
Total revenue	100%	100%	100%	100%	100%	100%
Costs of sales	-48%	-47%	-47%	-47%	-46%	-44%
<b>Gross profit</b>	<b>52%</b>	<b>53%</b>	<b>53%</b>	<b>53%</b>	<b>54%</b>	<b>56%</b>
Research and development expenses	-9%	-9%	-8%	-8%	-9%	-9%
Sales, marketing and distribution expenses	-19%	-19%	-20%	-21%	-20%	-19%
General and administrative expenses	-12%	-12%	-12%	-14%	-13%	-16%
Amortisation and depreciation	-2%	-2%	-2%	-2%	-2%	-2%
EBIT	9%	9%	10%	8%	10%	10%
Financial income/expense net	0%	-1%	0%	0%	0%	0%
Earnings before taxes	9%	9%	9%	8%	10%	10%
Income taxes	0%	0%	-2%	-1%	-2%	-2%
<b>Net income</b>	<b>11%</b>	<b>9%</b>	<b>7%</b>	<b>6%</b>	<b>8%</b>	<b>8%</b>

Source: company data, Dr. Kalliwoda International Research GmbH

## b. Balance Sheet

Balance sheet - TXT e-solutions S.p.A.						
€ m	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017E
<b>Current assets</b>	<b>36,77</b>	<b>34,91</b>	<b>34,89</b>	<b>38,95</b>	<b>37,09</b>	<b>39,73</b>
Cash and cash equivalents	15,82	14,82	12,30	9,08	7,57	9,14
Inventories	1,39	1,45	1,82	2,07	3,15	2,48
Trade receivables	17,27	16,84	18,57	25,03	23,74	24,69
Other receivables	2,29	1,80	2,20	2,76	2,63	3,42
(% sales)	5%	3%	4%	4%	5%	5%
<b>Non-current assets</b>	<b>21,84</b>	<b>17,85</b>	<b>18,02</b>	<b>18,13</b>	<b>25,43</b>	<b>25,73</b>
Intangible assets	19,89	15,37	15,08	14,69	21,30	21,18
(% sales)	43%	29%	27%	24%	31%	28%
Property, plant and equipment	1,15	1,12	1,25	1,36	1,60	1,63
Other receivables and other assets	0,30	0,13	0,14	0,14	0,16	0,15
(% sales)	1%	0%	0%	0%	0%	0%
Deferred taxes	0,49	1,23	1,56	1,94	2,37	2,77
(% sales)	1%	2%	3%	3%	3%	3%
<b>Total</b>	<b>58,61</b>	<b>52,76</b>	<b>52,91</b>	<b>57,08</b>	<b>62,51</b>	<b>65,46</b>
<b>Current liabilities</b>	<b>20,65</b>	<b>17,86</b>	<b>17,45</b>	<b>18,35</b>	<b>21,05</b>	<b>20,56</b>
Financial liabilities	5,50	3,35	2,15	0,82	0,81	0,89
Trade payables	1,80	1,50	1,54	1,42	1,63	1,64
Other liabilities	12,47	12,93	13,61	16,09	17,93	17,84
(% sales)	27%	25%	24%	26%	25%	24%
Tax liabilities	0,89	0,07	0,15	0,02	0,69	0,19
(% sales)	2%	0%	0%	0%	1%	0%
<b>Non-current liabilities</b>	<b>11,77</b>	<b>6,96</b>	<b>6,49</b>	<b>5,10</b>	<b>7,18</b>	<b>7,92</b>
Financial liabilities	4,30	2,90	1,68	0,00	1,39	1,29
Other liabilities	2,87	0,00	0,00	0,00	0,00	0,00
(% sales)	0%	0%	0%	0%	0%	0%
Provisions for pensions (TFR)	3,33	3,30	3,84	3,83	3,95	4,73
(% sales)	7%	6%	7%	6%	6%	6%
Deferred taxes	1,27	0,77	0,97	1,27	1,84	1,90
<b>Shareholder's equity</b>	<b>26,18</b>	<b>27,94</b>	<b>28,97</b>	<b>33,62</b>	<b>34,28</b>	<b>36,98</b>
<b>Total consolidated equity and debt</b>	<b>58,61</b>	<b>52,76</b>	<b>52,91</b>	<b>57,08</b>	<b>62,51</b>	<b>65,46</b>

Source: company data, Dr. Kalliwoda International Research GmbH

### c. Cash Flow Statement

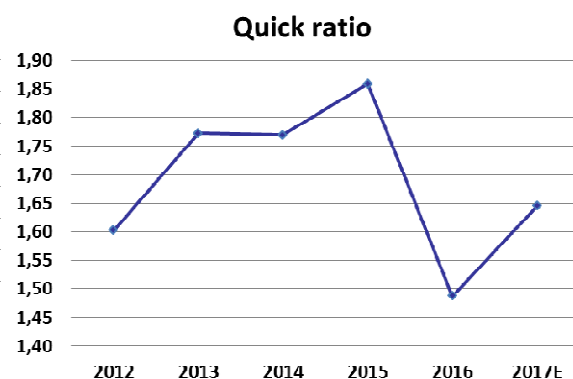
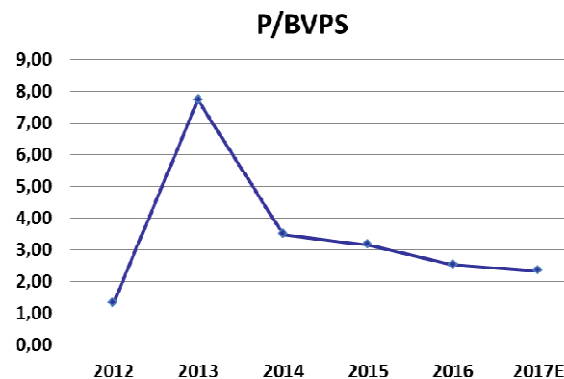
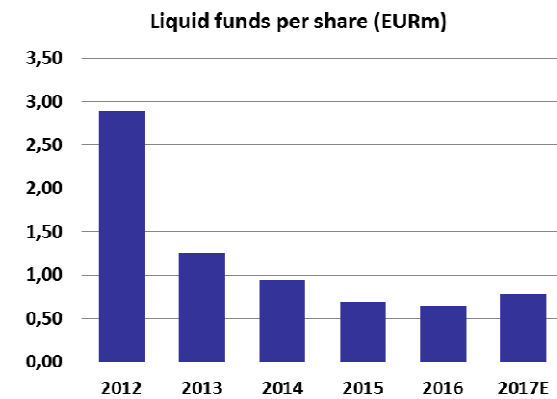
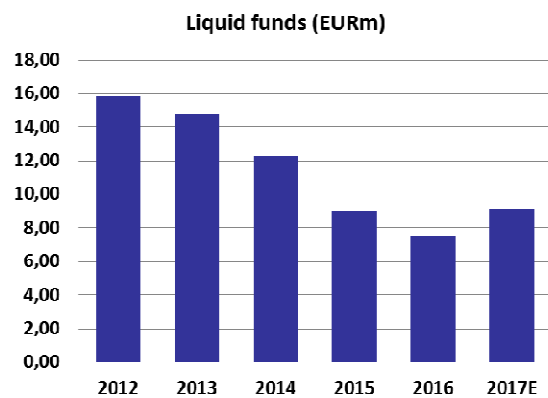
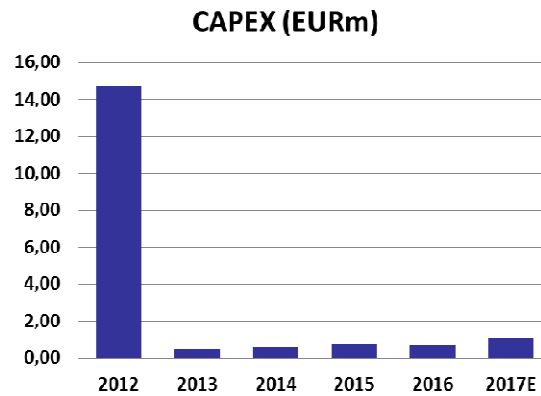
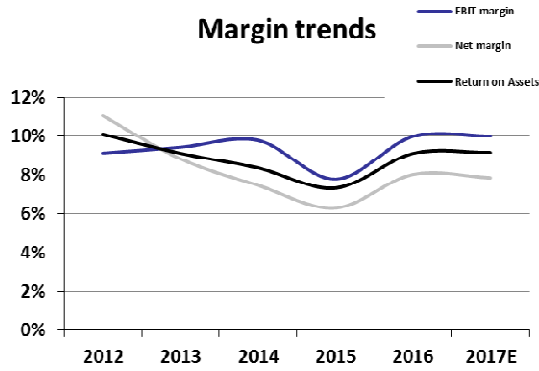
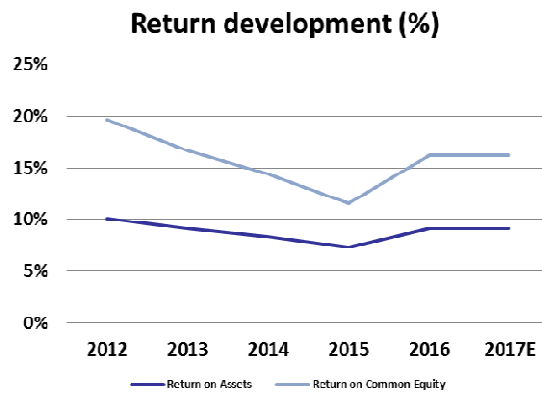
Cash flow statement - TXT e-solutions S.p.A.						
€ m	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017E
Net income for the year	5,1	4,6	4,2	3,9	5,6	6,0
Depreciation	-1,1	-1,3	-1,3	-1,1	-1,3	-1,2
Change in working capital	-1,7	1,2	-1,4	-5,0	3,1	-1,6
Others	2,3	0,9	2,4	-0,7	-1,0	-0,5
<b>Net Operating cash flow</b>	<b>4,7</b>	<b>5,5</b>	<b>3,8</b>	<b>6,7</b>	<b>8,8</b>	<b>7,3</b>
<b>Cash flow from investing</b>	<b>-14,7</b>	<b>-0,5</b>	<b>-0,6</b>	<b>-0,8</b>	<b>-0,7</b>	<b>-1,0</b>
Free cash flows	-10,0	5,0	3,2	6,0	8,1	6,2
<b>Cash flow from financing</b>	<b>11,4</b>	<b>-6,3</b>	<b>-5,6</b>	<b>-9,2</b>	<b>-3,8</b>	<b>-4,7</b>
Change in cash	1,4	-1,3	-2,4	-3,2	-1,1	1,6
Cash, start of the year	14,4	15,8	14,8	12,3	9,1	7,6
Cash, end of the year	15,8	14,8	12,3	9,1	7,6	9,1

Source: company data, Dr. Kalliwoda International Research GmbH

### d. Financial Ratios

Ratios - TXT e-solutions S.p.A.						
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017E
EBITDA margin	11,4%	11,9%	12,2%	9,6%	11,9%	11,6%
Net margin	11,0%	8,8%	7,5%	6,3%	8,0%	7,9%
Return on equity (ROE)	19,6%	16,6%	14,4%	11,5%	16,2%	16,1%
Return on assets (ROA)	10,1%	9,1%	8,4%	7,3%	9,1%	9,2%
Return on capital employed (ROCE)	20,2%	27,0%	36,4%	30,8%	33,3%	36,1%
Equity ratio	44,7%	52,9%	54,8%	58,9%	54,8%	56,5%
Current ratio	1,8	2,0	2,0	2,1	1,8	1,9
Quick ratio	1,6	1,8	1,8	1,9	1,5	1,6

Source: company data, Dr. Kalliwoda International Research GmbH



Source: Company data, Dr. Kalliwoda Research GmbH

## Contacts

Primary Research   Fair Value Analysis   International Roadshows		Dr. Kalliwoda International Research GmbH, Steinstraße 24, D-64839 Münster, office Frankfurt Arndtstr. 47, 60325 Frankfurt Tel.: 069-97 20 58 53 Fax: 069-13 81 92 15
Head: <b>Dr. Norbert Kalliwoda</b> E-Mail: nk@kalliwoda.com	CEFA-Analyst; University of Frankfurt/Main; PhD in Economics; Dipl.-Kfm., Dipl.-Hdl.	<u>Sectors:</u> IT, Software, Electricals & Electronics, Mechanical Engineering, Logistics, Laser, Technology, Raw Materials
<b>Dr. Peter Arendarski</b> E-Mail: pa@kalliwoda.com	Senior-Analyst, Msc & Ph.D in Finance (Poznan Univers. of Economics), CFA Level 3 Candidate	<u>Sectors:</u> Technology, Raw Materials, Banks & Insurances, Financial-Modelling (Quant., Buyside)
<b>Patrick Bellmann</b> E-Mail: pb@kalliwoda.com	Junior-Analyst; WHU - Otto Beish. School of Management Vallendar	<u>Sectors:</u> Support Research and Quantitative Approach
<b>Ilias Chahboune</b> E-Mail: ic@kalliwoda.com	Master Economics: Uni Amsterdam	<u>Sectors:</u> Consumer, Retail, Real Estate
<b>Kilian Dreher</b> E-Mail: kd@kalliwoda.com	Junior-Analyst; University of Frankfurt/Main	<u>Sectors:</u> Consumer, Retail, Food & Beverages, Fashion
<b>Michael John</b> E-Mail: mj@kalliwoda.com	Dipl.-Ing. (Aachen)	<u>Sectors:</u> Chemicals, Chemical Engineering, Basic Metals, Renewable Energies, Laser/Physics
<b>Marta Kifleab</b> E-Mail: mki@kalliwoda.com	University of Mainz: Sprachwissenschaften	Roadshow/Conference Organisations
<b>Rainer Koch</b> E-Mail: rk@kalliwoda.com	Computer-Science/Dipl.-Betriebw, (Frankfurt); seasoned international Executive IT-Industry	<u>Sectors:</u> IT, IT-Services, Internet, Media, Internet, Emerging Markets
<b>Witold Konrad Kosinski</b> E-Mail: wk@kalliwoda.com	Finance & Banking Warsaw School of Econ, Master of Science; postgrad. Managem. Studies, Prepar. CFA Lev. 2	<u>Sectors:</u> Consumer Goods, Trading Companies, Food & Beverages, Technology
<b>Olaf Köster</b> E-Mail: ok@kalliwoda.com	Dipl.-Betriebswirt, EBS	<u>Sectors:</u> Renewable Energy/Technology
<b>Sebastian Krawczyk</b> E-Mail: sk@kalliwoda.com	Bachelor in Management, Quant. Meth. in Economics & Inf. Systems at Warsaw School/Mannheim, CFA Can.	<u>Sectors:</u> Quantitative Methods, Automotive, Technology
<b>Christoph Löffel</b> E-Mail: cl@kalliwoda.com	Bachelor Betriebswirtschaftslehre Universität Mannheim	<u>Sectors:</u> Financials, Real Estate
<b>Vittoria Lou D. Mawis</b> E-Mail: cl@kalliwoda.com	Architect; University Barcelona	<u>Sectors:</u> Assistant Office & Real Estate Research
<b>Dr. Christoph Piechaczek</b> E-Mail: cp@kalliwoda.com	Dipl.-Biologist; Technical University Darmstadt; Univ. Witten-Herdecke.	<u>Sectors:</u> Biotech & Healthcare; Medical Technology Pharmaceutical
<b>Nele Rave</b> E-Mail: nr@kalliwoda.com	Lawyer; Native Speaker, German School London,	<u>Legal adviser</u>
<b>Hellmut Schaarschmidt;</b> E-Mail: hs@kalliwoda.com	Dipl.-Geophysicists; University of Frankfurt/Main.	<u>Sectors:</u> Oil, Regenerative Energies, Specialities Chemicals, Utilities
<b>Dr. Erik Schneider</b> E-Mail: es@kalliwoda.com	Dipl.-Biologist; Technical University Darmstadt; Univ. Hamburg.	<u>Sectors:</u> Biotech & Healthcare; Medical Technology Pharmaceutical
<b>Hans-Georg Sutter</b> E-Mail: hsu@kalliwoda.com	Dipl.-Wirtschaftsingenieur University Kaiserslautern	<u>Sectors:</u> IT/e-commerce
<b>Rainer Wochele</b> E-Mail: rw@kalliwoda.com	Bachelor of Science in Economics and Business Administration (Goethe University Frankfurt M.)	<u>Junior-Analyst</u>
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