

# Tinexta

Trust worthy

Tinexta provides IT solutions, information and consulting services in niche markets predominantly to corporate clients. It has leading positions in its domestic markets. In aggregate, we believe these are capable of 6% organic revenue growth through our forecast period while expanding EBITDA margin, cash flow conversion and ROIC. There is likely to be further M&A in order to increase geographic coverage, client reach or expand the product offer. Our multiples-based SOTP and DCF valuations support a valuation of €13.5–14.2.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/17	174.8	30.5	0.46	0.14	24.0	1.3
12/18	238.7	48.3	0.73	0.23	15.1	2.1
12/19e	256.5	52.5	0.78	0.25	14.2	2.3
12/20e	272.9	57.2	0.85	0.28	13.0	2.5

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

## Favourable growth trends, internationalisation & M&A

Tinexta is exposed to favourable growth trends including the transition to a digital world and the requirement for enhanced online security. Starting from a purely domestic Italian focus, the company is exploiting these trends internationally. In particular, given recent regulatory changes, in Digital Trust the group is leveraging its Italian expertise to expand on an EU-wide basis with a unified legal base across the region. At the same time, Tinexta is likely to make acquisitions in Italy and Europe that will further expand its addressable markets, and seek cross-selling opportunities between the business units.

## Good organic revenue and EBITDA growth potential

Based on the group's current structure, we estimate it is capable of producing c 6% organic revenue growth through our forecast period, translating to high-single-digit EPS growth given a gradual increase in margin from modest operational gearing and changing business mix. The track record in improving cash flow generation (cash conversion above 90%) and ROIC while undertaking M&A should provide confidence that it can add further value as it seeks to expand the businesses. We understand that recurring revenue is c 70–80% across the divisions. Management has proven to be shareholder friendly with a dividend payout ratio that has increased to 33% of earnings.

## Valuation: Scope for expansion

Tinexta's EV/EBITDA multiples of 9.1x for FY19 and 8.5x for FY20 look low given our forecast of a 6%+ organic CAGR for EBITDA from FY19–21. The free cash flow yield is 6.3% in FY19. A sum-of-the-parts (SOTP) valuation suggests a valuation of €13.5/share. This is supported by our discounted cash flow (DCF) valuation of €14.2/share.

Initiation of coverage

Professional services

16 April 2019

**Price** €11.06

**Market cap** €516m

Net debt (€m) at end December 2018	125
Shares in issue	46.6m
Free float	34%
Code	TNXT
Primary exchange	Borsa Italiana STAR
Secondary exchange	N/A

### Share price performance



%	1m	3m	12m
Abs	17.8	73.4	70.2
Rel (local)	13.5	52.6	81.6
52-week high/low		€11.1	€5.4

### Business description

Tinexta has three business divisions: Digital Trust – solutions to improve digital security; Credit Information & Management – information services to help manage corporate credit; and Innovation & Marketing Services – consulting services to help clients develop and/or grow their businesses.

### Next events

Q1 trading statement	15 May 2019
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## Investment summary

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### Company description: Professional information, security and consulting services

Tinexta has leading or strong market positions in its two largest business units. The greatest potential for long-term structural growth is in Digital Trust (40% of revenue and 34% of EBITDA) as it provides solutions that help companies transition to a digital world and streamline their internal operations. This business unit will expand through Europe to take advantage of recent EU regulatory changes that lay the base for a single, unified pan-European Digital Trust market, which will facilitate greater cross-border opportunities. The newest division, Innovation & Marketing Services (30% of revenue and 45% of EBITDA) provides consulting services that help clients develop and/or grow their businesses. The profile of this business unit is likely to change as M&A targets new niche services. The Credit Information & Management division (30% of revenue and 21% of EBITDA) is likely to produce the lowest growth given its key market, credit information, is the most competitive with more limited scope to differentiate the products and services.

### Financials: Organic growth to be complemented by M&A

Driven by high-single-digit growth in Digital Trust we forecast a 6% CAGR in organic revenue through FY21. With greater growth coming from the businesses with the highest margins, we expect group EBITDA margin to increase and EPS to grow by 9–10% over the forecast period. These growth rates are likely to be enhanced by further M&A as management looks to expand the core businesses internationally and into new or contiguous niche areas. We expect cash flow generation to improve as working capital intensity (as a percentage of sales) stabilises and fixed capital intensity reduces modestly. The track record with respect to M&A has been good, as demonstrated by a ROIC that has improved from 10% in FY14 to 14% in FY18.

### Valuation: SOTP and DCF support a valuation of €13.5–14.2

We value Tinexta using a combination of SOTP and sense checking this with a DCF valuation. Our SOTP using a blend of quoted peer multiples suggests a valuation of €13.5/share. This is supported by our DCF valuation of €14.2/share, which assumes a good fade in revenue growth from 6%+ growth through our forecast period to 3% thereafter, which could prove to be conservative. The free cash flow yield is 6.3% in FY19 and 7.1% in FY20.

### Sensitivities: New products, economic sensitivity and M&A

We see the following sensitivities as key determinants of the company's prospects:

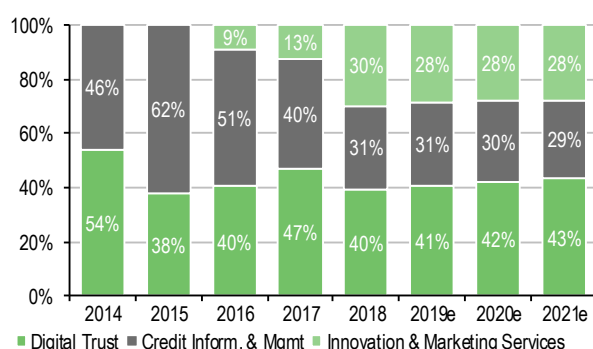
- **Uptake of new products:** The outlook for Digital Trust looks strong; however, it is dependent on its success in winning new enterprise clients and a greater part of the new revenue streams are more volume-based.
- **Economic sensitivity:** Outside of the structural growth of Digital Trust, some of the group companies are vulnerable to changes in the macro environment. The greatest potential exposure is in Credit Information & Management, given the provision of services to the credit and real estate markets in Italy. Demand for other consulting services, in Innovation and Marketing Services, may be affected too.
- **M&A:** Following a high level of M&A since 2014, this should be expected to continue. As the group moves into new international markets for the core businesses and potential new industries, these will expose management to new challenges beyond managing in a familiar geographic market and known industries.

## Company description: Professional information, security and consulting services

Tinexta (named Tecnoinvestimenti until November 2018) has undergone significant change in recent years through a combination of M&A and improving organic growth. It is currently focused on three business units, which include 16 subsidiaries and one equity-accounted joint venture:

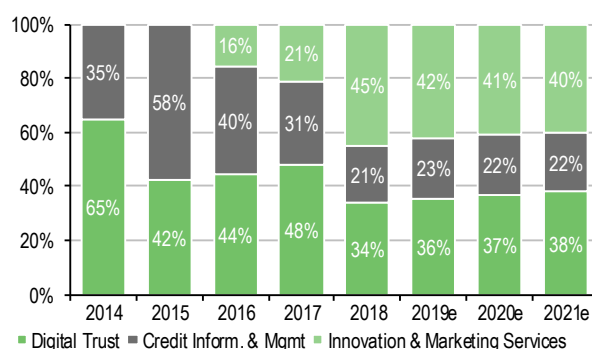
1. Digital Trust – provides solutions that enable and enhance confidence, ie trust, in the security and validity of digital identities and transactions. We assume 9–10% organic revenue growth per annum in FY19–21 versus 7.7–9.4% from FY16–18.
2. Credit Information & Management – predominantly provides information services that help financial institutions and corporates manage credit. We assume 3% organic revenue growth per annum in FY19–21 versus -6% to +2.3% from FY16–18.
3. Innovation & Marketing Services – provides specialist consulting services that help businesses finance and develop their growth prospects. We assume 3–5% organic revenue growth per annum in FY19–21 versus -4% to +22% from FY17–18.

**Exhibit 1: Revenue contribution by business unit**



Source: Tinexta accounts, Edison Investment Research

**Exhibit 2: Clean EBITDA contribution by business unit (before central costs)**



Source: Tinexta accounts, Edison Investment Research

## Tinexta's evolution

Tinexta was founded in 2009 when Tecno Holding, owned by the main Italian Chambers of Commerce, contributed assets into the company, in exchange for a shareholding in Tinexta. Tecno Holding remains the reference shareholder with a stake of 56.1% of the company. The company's free float is 34%.

These assets included the company InfoCert, which forms the base of the Digital Trust business unit, as well as other assets including parking lots, real estate and majority ownership of a construction company. From 2012, management began to manage the assets more proactively, ie non-core assets such as the parking lots were sold, and sought to invest in other professional services with a good growth profile. Management was confident of a strong long-term outlook for Digital Trust. Tinexta entered the Credit Information and Management business, a market that management knew well given the historical connection with the Chambers of Commerce, in 2012. In 2014, the company raised c €23m of equity and listed on AIM Italia, the Italian Stock Exchange market for SMEs. The Innovation & Marketing Services business unit (previously named Sales & Marketing Solutions) was created in 2016, again following an acquisition, and at the same time the company raised further equity as it moved to the STAR segment of the Italian Stock Exchange.

The transformation has been achieved with a significant level of M&A: a net €196m has been spent on acquisitions and disposals since 2014. Once Tinexta has established a foothold in a market, it

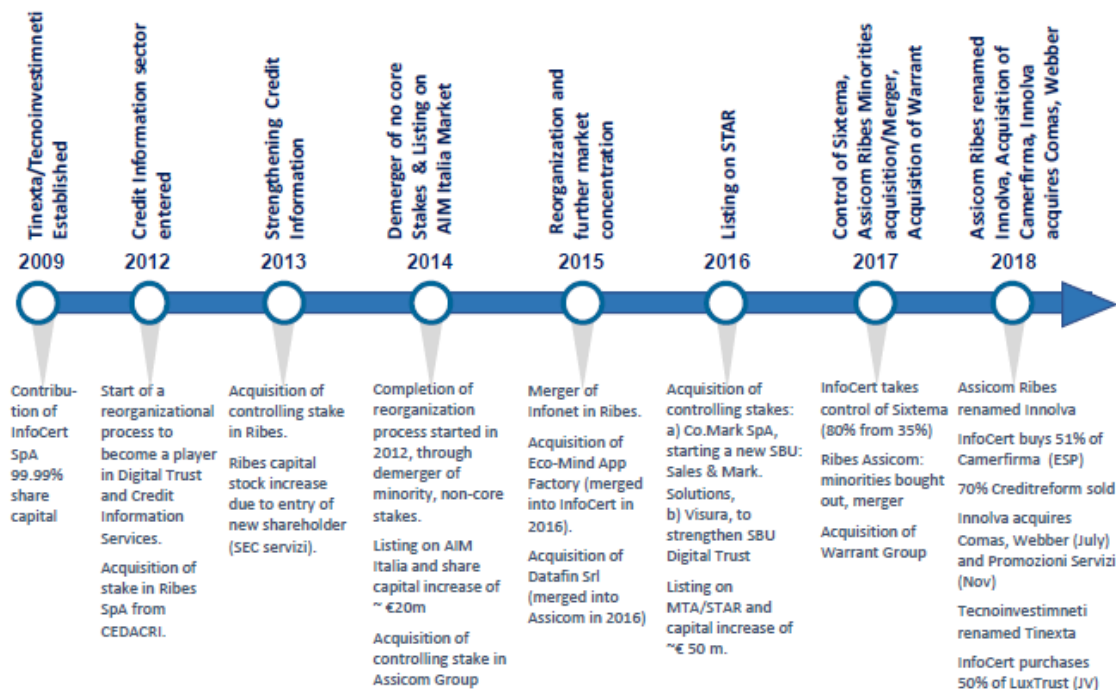
typically follows up with smaller acquisitions that either expand the existing product or service offer or potential client base. In most acquisitions, Tinexta typically purchases a majority shareholding before buying out the minorities at a later date.

## Future strategy and development

Before the end of June 2019, management has committed to buying out practically all of the remaining minority shareholdings of the existing group companies, at an estimated cost of €46.8m.

Beyond these, further M&A is expected, primarily in the Digital Trust and Innovation & Marketing Services business units, given the better growth prospects and margins. M&A in Digital Trust will continue to focus on geographic expansion away from Italy to the major economies of the EU. M&A in Innovation & Marketing Services is likely to be in contiguous or new niche markets, as has been the case since the business unit was created, and potentially new geographies. In addition to looking outward for growth, there is a new focus on opportunities to cross-sell services between the customers of the divisions given minimal overlap at present.

**Exhibit 3: Tinexta's corporate history**

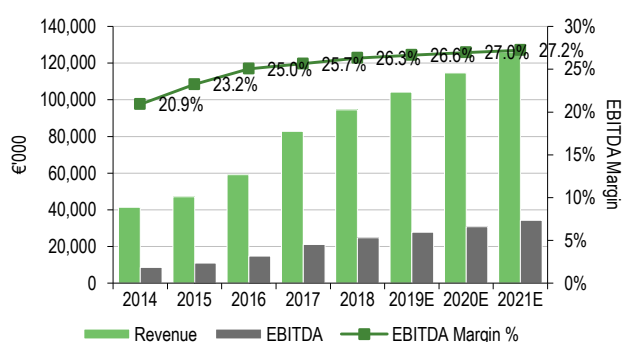


Source: Tinexta

## Business units overview

### Digital Trust (40% of FY18 revenue)

**Exhibit 4: Segment financials**



Source: Tinexta accounts, Edison Investment Research

**Exhibit 5: Segment financials including organic growth**

€000s	2014	2015	2016	2017	2018	2019e	2020e	2021e
Revenue	41,492	47,065	59,218	82,738	94,466	104,178	114,596	126,055
Growth y-o-y %		13	26	40	14	10	10	10
o/w organic %			9	9	8	9	10	10
o/w M&A %			16	31	8	1	0	0
EBITDA	8,676	10,939	14,831	21,224	24,846	27,760	30,885	34,323
Margin %	20.9	23.2	25.0	25.7	26.3	26.6	27.0	27.2
Growth y-o-y %		26	36	43	17	12	11	11
o/w Organic %			18	18	11	10	11	11
o/w M&A %			0	25	5	1	0	0

Source: Tinexta accounts, Edison Investment Research

The Digital Trust business unit provides solutions that enable and increase the confidence, ie trust, of users when signing or sending documents electronically. They provide surety with respect to the validity of the identities of individuals and businesses online, ie digital identities; the authenticity of electronic documents such as contracts; and the secure storage of documents.

The Digital Trust business unit should be a beneficiary of the economy-wide transition from analogue to digital. This includes the enhanced requirement for online security including knowing who and what one is dealing with, so is well aligned with initiatives such as know your client and anti-money laundering. In addition, there are opportunities that subsequently follow in the streamlining of business processes and infrastructure change. Recent regulatory changes (see below) mean that Tinexta can take advantage of this trend across the whole of the EU, having been a purely domestic Italian business. Digital Trust should be the key growth driver of the group.

The business unit has two main operating companies: InfoCert (99.9% owned) and Visura (60% owned). In addition, there are three other operating companies: Sixtema (80% owned from 1 April 2017); Camerfirma (51% owned since 1 May 2018) and LuxTrust (50% owned), which form part of the operating structure.

### InfoCert

InfoCert is the market leader in Italy for certified electronic mail, digital signature, electronic invoicing and digital documents storage. In order to provide these services, InfoCert is registered as a Certification Authority and is accredited by the AgID, the Italian government agency for digital identity.

InfoCert's activities should be thought of as in two distinct areas.

First is the established core business of off-the-shelf certified email that is more suited to smaller clients, eg individuals, SMEs and firms of lawyers and accountants, etc. Clients pay an annual subscription for this service. Italy is one of three countries in the world that uses certified email, the others being Hong Kong and Switzerland. It was introduced in 2005 to enable citizens and businesses to communicate securely with local and central government. The aims were to modernise bureaucracy and to help combat corruption. Certified email has the same legal value as a letter sent by registered mail with advice of receipt. Over time, the requirements to use certified email have increased. Since, July 2013, all communications (including invoicing) between companies and public administration must take place via certified email. In addition, since 2019 all invoices between companies must be via certified electronic invoice. This market has been flat for

the last five years, but InfoCert has grown a few percentage points above this every year as it has gained share, especially with corporate clients. Modest growth is expected to continue.

Secondly, the company has invested in R&D to address the digital trust market for enterprises. InfoCert has two key services that form the base of its enterprise trust services: Trusted Onboarding Platform and GoSign:

- Trusted Onboarding Platform (TOP) is a patented solution that enables remote secure identification and onboarding of new clients and subsequent signing of legally binding contracts. Management believes there are no competitors with a similar service. A typical contract lasts for two to three years with an upfront fee for installation, typically two to three months, and an annual maintenance fee. In addition, the majority of revenue is earned from a fee for each new client signed, so is geared into the success of the product. TOP is already used by 30 banks in Italy. A study by Forrester on behalf of [InfoCert](#) for one of its customers determined that TOP generated a risk-adjusted ROI of 174% and a payback period of 0.6 months.

#### Exhibit 6: TOP demonstration video

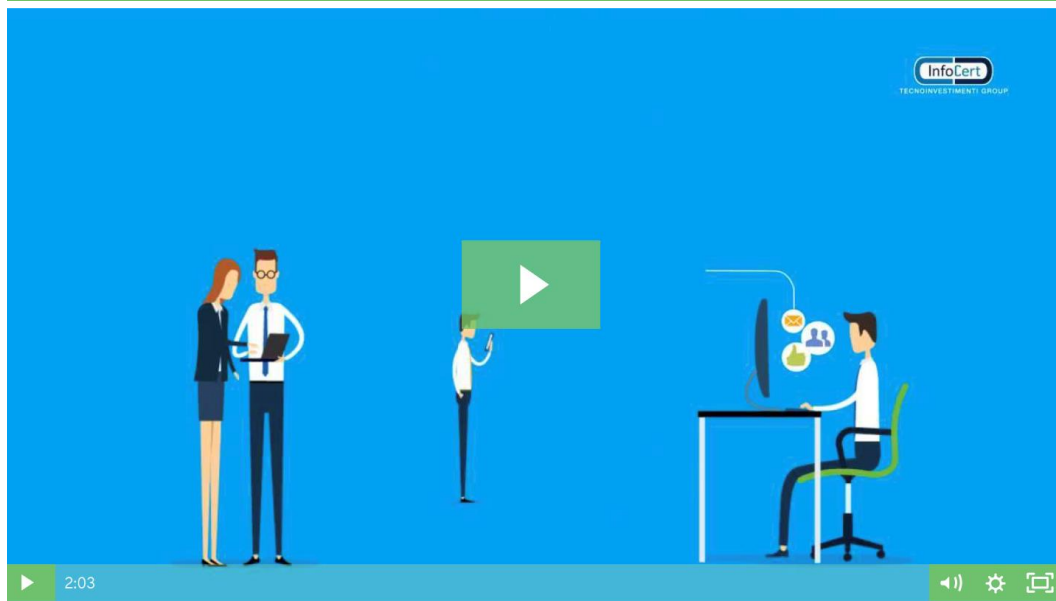


Source: InfoCert

- GoSign enables companies to prepare, sign, authenticate and store documents that typically require being physically prepared and signed. It reduces the time required for these processes, guarantees full legal value of documents, and reduces the costs of archiving. The business model is similar to that of TOP above, with an upfront fee for installation of three to four months, an annual maintenance and then a fee per document signed and per page archived. A study by Forrester on behalf of [InfoCert](#) for one of its customers determined that GoSign generated a risk-adjusted ROI of 177% and a payback period of 18 months.



#### Exhibit 7: GoSign demonstration video



Source: InfoCert

#### InfoCert's international aspirations and eIDAS

InfoCert's aspiration is to create the leading pan-European digital trust provider by rolling out its services across other EU countries via M&A. This will be helped by the recent mandatory enforcement of the EU regulation, [eIDAS \(electronic Identification And trust Services\)](#). The regulation came into force in September 2014 but the recognition of a 'notified eID' became mandatory from September 2018.

eIDAS is a European regulation that establishes the framework to ensure electronic interactions between individuals, public authorities and businesses are safer and more efficient regardless of which country they take place within the EU. It introduces one single framework making it more straightforward to deliver business services across the EU by promoting interoperability ensuring that countries mutually recognise each other's electronic identification and trust services. The intended benefits are less administrative burden and more convenience in transmitting and signing documents electronically; more efficient and innovative business processes; a significant reduction in costs and time through streamlined processes; safer electronic transmission of electronically signed transactions; enhanced document tracking; and increased security of cross-border legal contract execution or transmission of legally binding documents (including invoicing, procurement orders etc).

Electronic identification allows businesses and consumers to prove electronically that they are who they say they are and are then able to interact online securely. It enables them to carry out better checks on identities and allows easier expansion of customer bases.

Trust services covered by the regulation include:

- Electronic signature – the expression in an electronic format of a person's agreement to the content of a document. A [qualified electronic signature](#) has the same legal effect as a hand-written signature.
- Electronic seal – the electronic equivalent of a business stamp that is applied to a physical document to guarantee its origin and integrity.
- Electronic timestamp – provides evidence that the document existed at the stated time.
- Website authentication certificates – electronic certificates that prove to customers that a website is trustworthy and reliable.

- Electronic registered delivery service – allows digital transmission of documents, providing proof of sending and delivery, protecting against the risk of loss, theft and damage of unauthorised alterations.

To provide these trust services, the regulation requires providers to register as a qualified trust service provider (QTSP). Once registered, the QTSP can technically provide services in all EU countries, irrespective of country of incorporation. They are subject to annual audit by a national regulator to ensure compliance with the regulations. InfoCert is registered as a QTSP in Italy. In the EU there are 170 active QTSPs with a wide variation in numbers by country: 18 in Italy; two in Luxembourg; 21 in France; 11 in Germany; 26 in Spain; and one in Sweden.

Management expects to be a key driving force behind the consolidation and growth in these markets. In other words, management sees the need to operate locally to win business and adapt to national regulations that impact the business. Moreover, Tinexta/InforCert believes that there are often too many players for the market to become more efficient. Consequently, in 2018, InfoCert made its first move outside of Italy with the purchases of 51% of AC Camerfirma in Spain (fully consolidated) for €3.1m and 50% of LuxTrust (equity accounted) for €12m, which are both registered as QTSPs. These transactions are typical of the way that Tinexta likes to acquire businesses: initially acquiring a majority stake before subsequently buying out the minorities.

The Spanish market is claimed to be similar in nature to the Italian market and Camerfirma has a similar history to InfoCert, having been owned by Chambers of Commerce. Camerfirma also has activities in Latin America, principally in Chile, Colombia and Peru. LuxTrust will serve as the beach head into France, Belgium and the Netherlands. Despite being jointly owned with the founder since December 2018, the early signs are encouraging as the company is already in discussions with potential customers that are interested in the products. The next priority areas for M&A are the Nordic and DACH countries.

## Visura

Roughly half of Visura's business is the reselling of the core digital trust products and services of certified email, electronic signature and invoicing that InfoCert offers in its core mass-market business. The remainder is software solutions for lawyers (all civil court proceedings must be filed electronically with the Ministry of Justice) and accountants (mandatory filing of financial statements electronically with Chambers of Commerce). The key strategic rationale for the acquisition was to gain better access to the professional markets and lock-in a vertical market.

The initial 60% stake in Visura was acquired in July 2016 for €21.9m and a put/call was established for the remaining 40% at a valuation of 6x EBITDA for 2018, which will likely be exercised before the end of June 2019. We do not model the buyouts until they occur.

## Forecast assumptions for Digital Trust

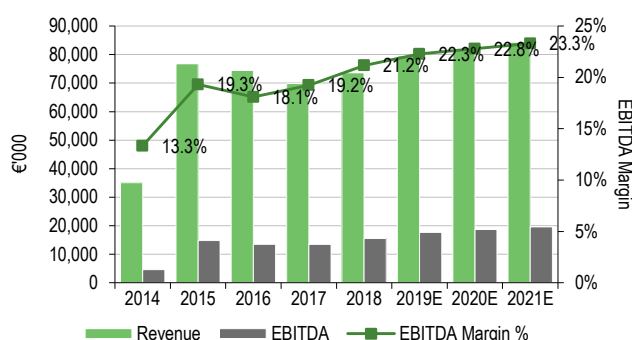
Digital Trust's organic revenue growth for FY16–18 ranged from 7.7–9.4%, an average of 8.5%, with the majority of this growth being driven by the new services for larger enterprises, introduced from 2016. We assume 9–10% organic revenue growth for FY19–21 as the enterprise solutions continue their rate of growth and come to represent a greater part of the business.

Operational gearing (ie the proportion of incremental revenue that drops through to EBITDA) has averaged c 30%. We expect the same level of operational gearing going forward given the investment required to continue innovating in a rapidly changing environment. This produces organic EBITDA growth of 10% pa over our forecast period to FY21.



## Credit Information & Management (30% of FY18 revenue)

**Exhibit 8: Segment financials**



Source: Tinexta accounts, Edison Investment Research

**Exhibit 9: Segment financials including organic growth**

€000s	2014	2015	2016	2017	2018	2019e	2020e	2021e
Revenue	35,058	76,783	74,458	69,879	73,554	79,491	81,875	84,332
Growth y-o-y %		119	(3)	(6)	5	8	3	3
o/w organic %			(3)	(6)	2	3	3	3
o/w M&A %			0	0	3	5	0	0
EBITDA	4,677	14,822	13,466	13,446	15,562	17,707	18,661	19,643
Margin %	13.3	19.3	18.1	19.2	21.2	22.3	22.8	23.3
Growth y-o-y %		217	(9)	0	16	14	5	5
o/w Organic %			(9)	0	10	6	5	5
o/w M&A %			0	0	6	8	0	0

Source: Tinexta accounts, Edison Investment Research

The Credit Information & Management business unit has two main operating businesses: Innolva (100% owned) and REValuta (83.1% owned). Three smaller businesses – Comas, Webber (both acquired in July 2018) and Promozioniservizi (acquired 30 October 2018) – are within Innolva's management sphere.

### Innolva

Innolva offers data services that help banks and SMEs with the granting, ongoing assessment and recovery of credit in Italy. Innolva was created in 2017 with the merger of two group companies, Assicom (acquired in 2014) and Ribes (initial stake acquired in 2012) in response to tough market conditions, consolidation of the customer base and aggressive pricing from competition.

Prior to their merger, Assicom and Ribes had very similar databases, albeit both covered c 80–90% of what was required to be competitive. Also, each had a different customer focus: Assicom's being SMEs and Ribes' being banks. The companies were merged and the databases received investment in order to get to full coverage, become competitive and realise cost synergies.

The foundation of Innolva's database is the financial statements of all companies in Italy from the Chambers of Commerce. For about 20 years, all companies in Italy have been required to file their financial statements in digital form via certified email with the Chambers of Commerce. The data is available to everyone for a cost, therefore by itself has limited added value. To this, Innolva adds other information including data on debts, judicial and corporate actions and legal notices regarding bankruptcy, etc, in order to provide data that is more valuable. For example, with respect to debts, every month all banks in Italy report credits over €30k and non-performing loans to the Bank of Italy.

Innolva's data services are typically sold as an annual subscription but larger customers will have three-year deals. The churn rate for larger corporate clients is low but higher for smaller corporates where competitors have increased commercial pressure.

In addition to the provision of the data, Innolva offers debt recovery services via c 50 internal lawyers.

The credit information market overall is highly competitive with three players: Cerved is the market leader in this specific sector, with Innolva and Crif roughly the same size. Market demand is described as stable but pricing pressure is high so this is an industry in which consolidation would help to stabilise the competitive tensions. Unlike in the other business units, international growth options are low.

### **Innolva's subsidiaries**

Promozioniservizi is a consultancy that helps SMEs apply for long-term lower cost financing to banks but accessing guarantees from the Guarantee Fund of Mediocredito Centrale, owned by Invitalia, which is owned by the Ministry of the Economy and Finance. It helps the SMEs determine whether they are likely to qualify for the credit and then complete the application process. The Guarantee Fund has been in existence since 2000. Promozioniservizi was acquired in 2018 for €4.5m, equivalent to 2.4x historical sales and 6.4x historical EBITDA, which had grown by 35% and 15%, respectively. Management expects good growth given the possibilities of scaling up the activities on a national scale (currently focused on the local market around Vicenza) and there are opportunities for cross-selling, most notably with Warrant Group (see later).

Comas and Webber, acquired in 2018 for a combined €9m, are effectively resellers of Innolva's services. The businesses have a much lower margin, but these should ramp up quickly as the cost structures are rationalised.

### **REValuta**

The majority of REValuta's revenue is from the provision of residential property valuation services to banks. As well as on the initial application for a mortgage, in Italy, any property with a mortgage must have its value re-appraised every year. The reappraisal involves a general assessment of the area and market rather than a detailed survey of the mortgaged property. Management believes it is the largest provider of this service.

REValuta has multi-year contracts with banks, although these may not be exclusive, under which there is a fixed fee per appraisal. Market share gains have ensured that REValuta has tended to grow faster than GDP. Economic cyclicalities may affect new mortgage volumes but the requirement for annual re-appraisals should cushion any cyclicalities. Management is looking to expand the business by winning contracts with new banks, adding appraisers as required and M&A.

Tinexta is likely to exercise the put/call options that will take the shareholding from 83% to 95% before the end of June 2019.

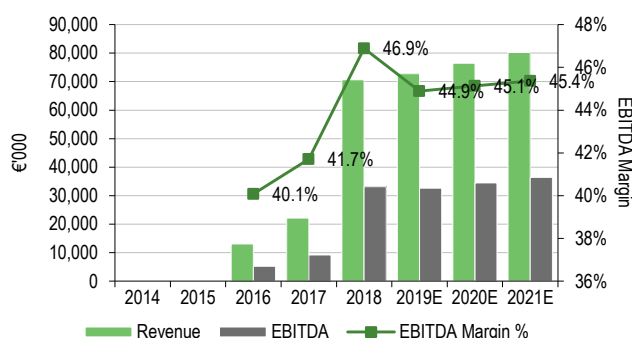
### **Forecast assumptions for Credit Information & Management**

Over the medium term, management believes this division is capable of low-single-digit organic revenue growth. The core Innolva business is likely to be below average and the other businesses above average. We assume 3% organic revenue growth from FY19–21. The consolidation of Promozioniservizi, Comas and Webber add c 5 % to revenue growth in 2019.

The business has fought hard to hold and grow EBITDA margin during the last few years through cost cutting. The consolidation of the recent acquisitions, with lower margins, would suppress reported numbers but they represent a good source of cost synergies.

## Innovation & Marketing Services (30% of FY18 revenue)

**Exhibit 10: Segment financials**



Source: Tinexta accounts, Edison Investment Research

**Exhibit 11: Segment financials including organic growth**

€000s	2014	2015	2016	2017	2018	2019e	2020e	2021e
Revenue	0	0	13,053	22,170	70,681	72,801	76,442	80,264
Growth y-o-y%				70	219	3	5	5
o/w Organic %				(4)	22	3	5	5
o/w M&A %				74	197	0	0	0
EBITDA	0	0	5,231	9,247	33,139	32,677	34,497	36,408
Margin %			40.1	41.7	46.9	44.9	45.1	45.4
Growth y-o-y%				77	258	(1)	6	6
o/w Organic %				(10)	36	(1)	6	6
o/w M&A %				87	224	(1)	6	6

Source: Tinexta accounts, Edison Investment Research

The Innovation & Marketing Services business unit has two main operating businesses: Co.Mark and Warrant Hub. The business unit was created on the acquisition of Co.Mark in March 2016 as Tinexta sought new areas of growth outside the more mature Credit Information & Management business unit described above. Warrant was acquired in November 2017. In addition to buying out the minorities of the two core businesses, it is likely there will be further M&A in this business unit as Tinexta looks to expand to contiguous industries in Italy and to take the existing offers overseas.

### Co.Mark

Tinexta acquired its original 70% holding in Co.Mark in March 2016 for €32.5m and negotiated put/call options for the remaining 30% at c €15m to give a total implied valuation of c €45m given the net cash position of c €2m. In 2015, Co.Mark's revenue was €15.1m and EBITDA was €5.2m therefore historical acquisition multiples were 3.0x sales and 8.7x EBITDA. The company has grown revenues mid-single-digits in the period 2016-18. In the February Plan Presentation management stated that the put/call options for the remaining 10% shareholding will likely be exercised before the end of June 2019.

The bulk of Co.Mark's revenue is from consulting to help SMEs to identify, develop and grow export markets. The typical client is an SME that lacks the required skills to internationalise its business. The services offered include an end-to-end service from a strategic analysis of products and positioning, identification of customers/end markets, negotiation of contracts and managing interactions with customers.

The services are provided by temporary export specialists (TES™) who have linguistic, strategic and commercial expertise in operating in overseas markets. The service is delivered both by back-office and front-office presence that is generally on a weekly basis. The contract is typically annual and paid in monthly installments and a success fee is calculated on the actual sales boost delivered. For a flat fee of €30k pa (paid monthly), each client receives a weekly half-day visit from the TES. To ensure efficient utilisation of a TES's time, each covers an area of roughly 35sqkm to minimise travelling time between the half-day appointments.

Management believes that Co.Mark is the market leader, the original founder having effectively created the market, and then grown the business leveraging on strong brand reputation, acquisition of talent, constant training (in-house academy) and data analytics. A typical competitor is a small local and unstructured business.

Since acquisition, Co.Mark has grown the business by increasing geographic coverage on a national basis, the number of TESs to c 100 and the number of active clients. With respect to

geographic coverage, management believes it is well represented in the key northern industrial triangle formed by Turin/Milan, Bologna and Venice.

The average tenure of a Co.Mark client is c two years, which has increased since acquired by Tinexta in 2016. As well as increasing the revenue visibility, this helps reduce customer acquisition costs. New clients are targeted by the company's marketing department. In addition, local word of mouth is important given the customers are typically well connected in the local communities.

The Italian government has been supportive of this industry, with a view to boosting exports, by offering a 'voucher' scheme, ie a subsidy in 2015 and 2017. The voucher scheme contributes marginally to total revenue (less than 10%) and generally does not produce recurring revenues.

Under the new CEO, Co.Mark is rolling out the business strategy that will be based on service differentiation and in cross-selling opportunities within Tinexta and through indirect channels. Management is looking for M&A opportunities within Italy to enter into highly complementary markets. It should be noted that Co.Mark opened a subsidiary in Spain in 2016, which in 2018 reported revenues of c €1m.

### **Warrant Hub**

The initial 70% stake in Warrant Hub (originally Warrant Group) was acquired in November 2017 for €33.9m, implying a valuation for the whole company of €48.4m.

The majority (c 80%) of Warrant's revenue is derived from consulting to help companies gain tax credits and other incentives or contributions principally from governmental institutions (Italian Ministry of Economic Development, EU) to subsidise their R&D and their investment and development projects. The company employs c 100 consultants of whom more than half are engineers who have expertise in R&D and in government requirements in order to be more successful in gaining the subsidies.

There are two revenue sources: the upfront fee for the work prior to application, which is relatively small; and the success fee (a percentage calculated on the tax credit/benefit awarded, the percentage generally decreases as the size of the benefit increases), which is much more significant.

There are a number of smaller activities in Warrant including consultancies that help entrepreneurs/innovators industrialise/organise the process of innovation: how to develop an idea into a commercially viable product. These have grown strongly too and are expected to continue doing so.

Warrant performed strongly in 2018. On acquisition, Warrant was reported as having revenue of c €21m and EBITDA of €6.3m and was expected to close 2017 with revenue exceeding €30m (growing over 50% versus 2016) and EBITDA growing even more than revenue. It ended 2018 with revenue of €53.8m and EBITDA of €26.8m, the put and call options have been renegotiated so the final total consideration will be c €72m. The growth was driven by exceeding expectations with respect to success fees on larger applications, and the consultants were effectively operating beyond what is viewed as sustainable. This rate of growth is unlikely to repeat in 2019 given that the Italian economy is slowing, so some clients are less likely to invest in R&D, and assuming the work rate of the consultants normalises. The company has a short-term capacity constraint with respect to the number of consulting engineers. Warrant is looking to train and add 10–15 engineers but they will take c 12 months to train and become revenue generators.

### **Forecast assumptions for Innovation & Marketing Services**

Over the medium term, management believes this business unit is capable of 3–5% organic revenue growth. Following a strong 2018, especially at Warrant Group, growth is likely to be at the

low end of this range in 2019 before recovering thereafter. We assume 3% organic revenue growth in 2019 and 5% growth thereafter.

We assume the EBITDA margin falls by 2pp in 2019 due to lower success fees and incremental investment in new consultants. This produces a modest EBITDA decline in 2019 before a gradual recovery thereafter.

## Management

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**Chairman: Enrico Salza.** Enrico Salza is chairman of Tecno Holding, the majority shareholder of Tinexta. He is also chairman of Intesa San Paolo Highline (and past chairman of Intesa San Paolo), a member of the board of Italian Banking Association, Assonime (association of Italian joint stock companies), the Venice Cini Foundation. He has held positions on the boards of companies including Banca Fideuram (Intesa San Paolo Group), Swedish Match, UBS Italia and Il Sole 24 Ore. He has also been president of the Chambers of Commerce of Turin, national vice president of the Chambers of Commerce and a member of the Board of Confindustria.

**Chief Executive Officer: Pier Andrea Chevallard.** Pier Andrea Chevallard has been the managing director of Tecno Holding from 2009. In 2015 he became the chief executive officer and general manager of Tinexta (ex Tecnoinvestimenti). From 2001–14 he served as secretary general of the Milan Chamber of Commerce. He was also director of Promos (Special Export Promotion Company of the Chambers of Commerce of Milan), managing director of Parcam and a member of the board of directors of Fiero Milan SpA.

**Chief Executive Officer, General Manager, InfoCert SpA: Danilo Cattaneo.** Danilo Cattaneo has been at InfoCert since 2010 and is chairman of Sixtema, Camerfirma and board member of LuxTrust. From 1998-2010 he held sales and account management positions at Oracle Corporation and from 1995-98 that he was a consultant at Andersen Consulting, Sintel Consulting and Magaldi Research Division. Prior to that he was a researcher and associate lecturer at Middlesex University in London.

## Sensitivities

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We believe the key sensitivities for Tinexta are as follows:

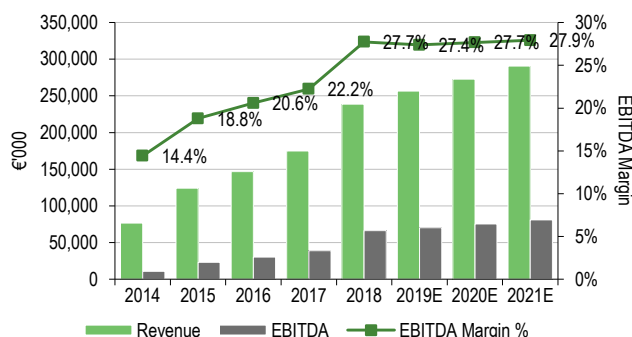
- **The extent and phasing of the acceptance of new products:** The outlook for Digital Trust looks favourable given the structural growth driven by the importance of online security. However, the growth rate is dependent on the speed of adoption of digital trust activities in new countries and account wins in new enterprise solutions. In addition, a significant percentage of revenue for these solutions varies with volume growth at the clients.
- **Economic sensitivity:** Some of the group companies are vulnerable to an economic slowdown. The greatest direct sensitivity is in Credit Information & Management given the exposure to credit and real estate markets. Elsewhere, such as in Innovation & Management Services, the exposure is more subtle: eg a slowing economy may inspire companies to be less willing to invest in growing their businesses temporarily.
- **Government financial support:** The Italian government provides financial support in the form of tax credits or subsidies that help drive market growth for a number of the group businesses. Many of these are longstanding and are not considered to be at risk at present. In addition, some of these initiatives, eg the voucher scheme to subsidise the services provided by Co.Mark, can affect short-term demand as clients may defer spend in anticipation of the arrival of a new scheme.

- **Competitive pressures:** In many businesses Tinexta has leading positions, but notably in Credit Information & Management its market position is weaker and makes it more reliant on the activities of its larger competitor.
- **Equity raises:** Tinexta has raised equity on two occasions since 2014 in order to fund acquisitions. The balance sheet is in a stronger position with net debt/EBITDA of 1.9x at the end of December 2018, compared to 2.6x in 2017.
- **Tecno Holding's shareholding:** The Chambers of Commerce, via Tecno Holding, have been long-term shareholders of Tinexta, and currently hold 56.1% of the company. They have been diluted down on each equity raise.
- **Acquisitions:** Tinexta has a good track record with respect to acquisitions, as evidenced by the improvement in ROIC, as it has diversified the business into new growth industries or into complementary products and services. Management continues to seek exposure in new and contiguous niche markets.
- **Growing international presence:** Tinexta has aspirations to grow the business quickly outside Italy, notably in the Digital Trust business unit. This opens it to the fresh challenges of managing businesses overseas and these new countries having different growth rates and prospects. Tinexta has traditionally managed the former by buying majority shareholdings and incentivising key staff to remain.

## Financials

### Earnings outlook

**Exhibit 12: Group financials**



Source: Tinexta accounts, Edison Investment Research

**Exhibit 13: Group financials business split**

€000s	2014	2015	2016	2017	2018	2019e	2020e	2021e
<b>Revenue</b>								
Digital Trust	41,492	47,065	59,218	82,738	94,466	104,178	114,596	126,055
C&IM	35,058	76,783	74,458	69,879	73,554	79,491	81,875	84,332
I&MS	0	0	13,053	22,170	70,681	72,801	76,442	80,264
Total	76,550	123,84	146,72	174,78	238,70	256,47	272,91	290,65
		8	9	7	1	0	3	0
<b>EBITDA</b>								
Digital Trust	8,676	10,939	14,831	21,224	24,846	27,760	30,885	34,323
C&IM	4,677	14,822	13,466	13,446	15,562	17,707	18,661	19,643
I&MS	0	0	5,231	9,247	33,139	32,677	34,497	36,408
Central costs	(2,300)	(2,442)	(3,281)	(5,065)	(7,333)	(7,920)	(8,553)	(9,237)
Total	11,053	23,319	30,247	38,852	66,214	70,224	75,490	81,137

Source: Tinexta accounts, Edison Investment Research

### Company guidance

With the release of FY18 results, management provided new guidance for FY19 and the new three-year business plan to FY21. From the FY18 base revenue of €238.7m and EBITDA ex one-offs of €66.2m, at constant perimeter, the guidance for 2019 is 5% revenue growth to greater than €250m and for EBITDA ex one-offs of €68–70m. In FY21, guidance is for revenue to be greater than €290m and EBITDA ex one-offs to grow faster than revenue over that period. The guidance for FY19–21 implies a CAGR in total revenue of 6.7% pa, therefore management is anticipating an acceleration in revenue growth after the 5% in FY19, which follows from ongoing growth in Digital Trust and an improved outlook for Innovation & Marketing Services after a pause in FY19. Our forecasts for revenue are roughly in line in FY19 and FY21.



### **Revenue: c 6% organic growth**

Tinexta's organic revenue growth was -1.8% in FY16, -0.1% in FY17 and +7.4% in FY18. Through this period total revenue growth has been much stronger due to M&A, adding 17–30% growth in any year. The good consistent organic growth profile of Digital Trust in FY16 and FY17 was offset by weakness in Credit Information & Management.

Our forecasts for the business units are highlighted in the individual sections above. In aggregate, these generate organic revenue growth of 5.4–6.5% in FY19–21. FY19 will benefit from some flow through from the acquisitions made in FY18, which we estimate will add just over 2% to revenue growth.

### **Profitability: Margin expansion**

We expect EBITDA ex one-offs to grow between 6% and 7% pa in FY19–21, ahead of revenue growth, with the steady margin progression of Digital Trust initially offset by the FY19 decline of Innovation & Marketing Services.

Due to the relative organic revenue growth rates above and the different margins in the business units, group EBITDA margin ex one-offs has increased from 20.6% in FY16 to 27.7% in FY19. Organic clean EBITDA growth was -0.8% in FY16, 1.3% in FY17 and 12.2% in FY18. As with the revenue growth above, the weakness of Credit Information & Management offset the consistent margin improvement of Digital Trust. FY18 growth was helped by the very strong performance in Innovation & Marketing Services.

Associate income should see strong growth due to the first-time inclusion of LuxTrust and organic growth thereafter.

We forecast 9–10% pa EPS growth in FY19–21.

Tinexta's ROIC (defined as taxed clean EBIT/average shareholders' funds and net debt) has increased from 10% in FY15 to 14% in FY18.

### **Dividend: Constant payout ratio**

As the company has grown, the dividend payout ratio has increased from 23% in FY15 to 33% in FY18. The stated dividend policy is to maintain this payout ratio. The cash cost of the dividend, c EU12m is covered 3.7x by FCF in FY19.

### **Improving cash flow generation**

Tinexta's cash flow conversion (operating cash flow/EBITDA) has varied between 93% and 98% since FY16. We expect it to improve modestly from 96% in FY18 to 98% in FY21. Its operating cash flow (OCF) generation (OCF/sales) has been on an improving trajectory, from 13% in FY16 to 18% in FY19. Mainly, this has been due to the improving operating margin from organic revenue growth and the changes in business mix. Free cash flow (FCF) generation (FCF/sales) has been a bit more variable than operating cash flow, although it has increased over time from 11.6% in FY16 to 12.6% in FY18, as investment in capex and intangibles has been variable, ranging from 2.0–5.5% of sales.

We expect operating cash flow to improve relative to sales (from 18% in FY18 to 21% in FY21) given the improvements to EBITDA margin and we assume no significant change in working capital intensity. The absolute spend on capex and intangibles is forecast to decline modestly, and, hence free cash flow generation relative to sales should improve to over 17% by FY21.

## Balance sheet

At the end of FY18, Tinexta had net debt of €125m, which represented net debt/EBITDA of 1.9x. This has trended down from 2.4x in FY16 and we forecast it to trend to 1.5x by the end of FY19 and 1.0x by the end of FY20 in the absence of the well-flagged buying out of minorities, which we do not model until they happen. On 29 March 2019, Tinexta announced that it has signed a loan for up to €50m (representing 0.7x our 2019 EBITDA forecast) to finance these acquisitions. The net debt at the end of December 2018 comprised of cash and financial investments of €43m and gross debt of €168m.

The combined value of goodwill and intangibles on the balance sheet is €270m, roughly 80% of which is goodwill. This compares with the total asset base of €448m and shareholders' funds of €145m.

## Valuation

We have looked at Tinexta's valuation in comparison to other quoted companies with similar exposure. We have also carried out a DCF analysis.

## Peer group comparison

The table below includes the growth estimates and valuations of companies with similar industry exposure as Tinexta. Some caution is warranted given many are not direct peers as they do not compete head to head, and have different business mixes and geographic exposure.

**Exhibit 14: Peer group valuations**

	Price - reporting	Market cap	Year -end	Sales growth (%)		EBITDA growth (%)		EPS growth (%)		EBITDA margin %		EV/EBITDA (x)			P/E (x)		
	ccy	(m)		FY1	FY2	FY1	FY2	FY1	FY2	FY1	FY2	Last	FY1	FY2	Last	FY1	FY2
<b>Tinexta</b>	€11.06	516	Dec	7	6	6	7	12	9	27.4	27.7	9.8	9.1	8.5	15.1	14.2	13.1
DocuSign	US\$55.8	9390	Jan	30	24	N/M	37	106	92	8.5	10.1	N/M	116.4	79.2	N/M	283.9	147.9
Zix	US\$7.5	410	Dec	135	24	234	52	10	45	19.4	23.7	20.7	11.9	7.9	19.8	23.9	16.4
Gemalto	€ 51.05	4,600	Dec	4	4	20	9	318	13	17.1	17.8	11.6	9.8	9.1	76.3	18.9	16.3
<b>Average - Digital Trust peers</b>				<b>56</b>	<b>17</b>	<b>127</b>	<b>33</b>	<b>145</b>	<b>50</b>	<b>15.0</b>	<b>17.2</b>	<b>16.2</b>	<b>46.0</b>	<b>32.1</b>	<b>48.1</b>	<b>108.9</b>	<b>60.2</b>
Cerved	€ 8.85	1,680	Dec	9	4	9	3	32	4	44.7	44.5	9.5	10.3	10.0	16.3	15.2	14.6
Equifax	US\$125.9	15,180	Dec	2	6	55	9	130	10	33.9	35.0	17.9	14.9	13.6	37.7	22.0	20.0
Experian	£21.92	19,910	Mar	4	8	4	8	27	12	34.3	34.5	14.2	17.6	16.2	27.4	28.7	25.7
Fair Isaac	US\$277.7	8,110	Sep	9	7	42	12	35	17	30.5	31.2	31.0	25.7	23.4	44.5	39.7	34.2
Transunion	US\$70.6	13,130	Dec	12	9	24	10	77	14	39.2	39.7	17.7	16.8	15.2	38.3	26.7	23.4
<b>Average - CI&amp;M peers</b>				<b>7</b>	<b>7</b>	<b>27</b>	<b>8</b>	<b>60</b>	<b>11</b>	<b>36.5</b>	<b>37.0</b>	<b>18.1</b>	<b>17.1</b>	<b>15.7</b>	<b>32.8</b>	<b>26.5</b>	<b>23.6</b>
Replay	€ 57.15	2,140	Dec	13	9	14	12	5	11	14.0	14.2	11.2	12.7	11.5	16.5	20.6	18.5
Gruppo Be	€ 1.12	147	Dec	14	10	7	5	95	0	15.8	15.8	8.2	6.0	5.7	21.2	14.0	14.0
<b>Average - I&amp;MS peers</b>				<b>14</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>50</b>	<b>6</b>	<b>14.9</b>	<b>15.0</b>	<b>9.7</b>	<b>9.4</b>	<b>8.6</b>	<b>18.9</b>	<b>17.3</b>	<b>16.3</b>

Source: Edison Investment Research, Refinitiv. Note: Prices at 15 April 2019.

Relative to its closest peer and direct competitor Cerved, Tinexta's growth is expected to be more consistent, yet it trades at lower EV/EBITDA and P/E multiples. Some discount may be warranted given the limited free float and market value.

To take account of Tinexta's business mix we have performed a SOTP valuation, which uses the average multiples for the different peers above, and applies them to our forecasts for the three business units. We exclude the high outlier valuations of DocuSign for the Digital Trust multiple and Fair Isaac for the Credit Information & Management multiple. Our SOTP valuation suggests a fair value for Tinexta of c €14 across both FY19 and FY20.

**Exhibit 15: SOTP valuation**

	Clean EBITDA		EBITDA multiple		Valuation				Comments
	2019e €000	2020e €000	2019e x	2020e x	2019e €000	2020e €000	2019e €/share	2020e €/share	
Digital Trust	27,760	30,885	10.9	8.5	301,191	262,522	6.4	5.6	Excludes DocuSign
Credit Information & Management	17,707	18,661	14.9	13.8	263,835	256,588	5.6	5.4	Excludes Fair Isaac
Innovation & Marketing Services	32,677	34,497	9.4	8.6	305,531	296,676	6.5	6.3	
Total/average	78,144	84,043	11.7	10.3	870,557	815,785	18.4	17.3	
Central costs	(7,920)	(8,553)	9.4	8.2	(74,128)	(70,364)	(1.6)	(1.5)	20% discount to average
	70,224	75,490	11.3	9.9	796,430	745,421	16.9	15.8	
Associate	770	847	7.7	6	12,000	13,200	0.3	0.3	Purchase price and grow at 10%
Minorities					(46,800)	(46,800)			Value of puts and contingent liabilities
Net (debt)					(97,988)	(67,587)	(2.1)	(1.4)	
MV					663,642	644,234	14.1	13.6	
Shares					47,207	47,207			
<b>Implied share price €</b>					<b>14.1</b>	<b>13.6</b>			

Source: Edison Investment Research

## DCF

While recognising the high sensitivity to the key assumptions, we have valued Tinexta using a DCF model and include a sensitivity analysis.

Our near-term forecasts to FY22 are detailed in the Financials section above. To summarise, these are:

1. a CAGR of 6.5% for revenue and steady EBITDA margin progress from 27.7% in FY18 to 28.1% in FY22;
2. the absolute level of spend on capex and intangibles reduces in line with management guidance; and
3. working capital intensity, ie as a percentage of sales, remains stable.

Beyond FY22, we assume a quick reduction in organic revenue growth to 3% and then keep this stable until FY30. The EBITDA margin increases by 20bp per annum so that by FY30 it is 29.7% (vs 27.5% in FY18). The investment in working capital and fixed assets grows in line with sales. These assumptions, with a WACC of 8.5% and terminal growth of 2%, suggest a valuation of €14.2/share.

**Exhibit 16: DCF sensitivity analysis**

		Terminal growth rate				
		1.00%	2.00%	3.00%	4.00%	5.00%
WACC	11.00%	8.4	9.0	9.7	10.6	11.9
	10.50%	9.1	9.8	10.6	11.7	13.2
	10.00%	9.9	10.7	11.7	13.0	14.9
	9.50%	10.8	11.7	12.9	14.6	17.0
	9.00%	11.7	12.8	14.3	16.4	19.5
	8.50%	12.8	<b>14.2</b>	16.0	18.7	22.8
	8.00%	14.1	15.8	18.1	21.5	27.3
	7.50%	15.6	17.6	20.6	25.2	33.5
	7.00%	17.4	19.9	23.7	30.1	42.8
	6.50%	19.4	22.7	27.8	36.9	58.3

Source: Edison Investment Research

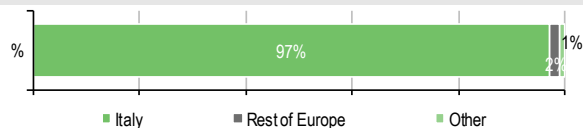
**Exhibit 17: Financial summary**

	€000s	2017	2018	2019e	2020e	2021e	2022e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>							
Revenue		174,790	238,702	256,470	272,913	290,650	309,799
Cost of Sales		0	0	0	0	0	0
Gross Profit		174,790	238,702	256,470	272,913	290,650	309,799
EBITDA		40,610	65,657	70,224	75,490	81,137	87,198
Normalised operating profit		28,939	50,697	54,588	59,311	64,353	69,490
Amortisation of acquired intangibles		(1,841)	(2,546)	0	0	0	0
Exceptionals		0	0	0	0	0	0
Share-based payments		0	0	0	0	0	0
Reported operating profit		27,098	48,151	54,588	59,311	64,353	69,490
Net Interest		1,523	(2,520)	(2,811)	(2,950)	(2,725)	(2,455)
Joint ventures & associates (post tax)		4	106	770	847	1,016	1,220
Exceptionals		0	0	0	0	0	0
Profit Before Tax (norm)		30,466	48,283	52,547	57,208	62,644	68,255
Profit Before Tax (reported)		28,625	45,737	52,547	57,208	62,644	68,255
Reported tax		(8,420)	(12,629)	(15,239)	(16,590)	(18,167)	(19,794)
Profit After Tax (norm)		21,504	34,951	37,309	40,618	44,478	48,461
Profit After Tax (reported)		20,205	33,108	37,309	40,618	44,478	48,461
Minority interests		(78)	(588)	(663)	(721)	(790)	(861)
Discontinued operations		0	0	0	0	0	0
Net income (normalised)		21,426	34,363	36,646	39,898	43,690	47,603
Net income (reported)		20,127	32,520	36,646	39,897	43,688	47,600
Basic average number of shares outstanding (m)		46	47	47	47	47	47
EPS - basic normalised (€)		0.46	0.74	0.78	0.85	0.93	1.01
EPS - diluted normalised (€)		0.46	0.73	0.78	0.85	0.93	1.01
EPS - basic reported (€)		0.43	0.70	0.78	0.85	0.93	1.01
Dividend (€)		0.14	0.23	0.25	0.28	0.30	0.33
Revenue growth (%)		19.0	36.6	7.4	6.4	6.5	6.6
Gross Margin (%)		100.0	100.0	100.0	100.0	100.0	100.0
EBITDA Margin (%)		23.2	27.5	27.4	27.7	27.9	28.1
Normalised Operating Margin		16.6	21.2	21.3	21.7	22.1	22.4
<b>BALANCE SHEET</b>							
Fixed Assets		275,773	305,579	302,943	298,765	292,981	286,273
Intangible Assets		260,630	270,536	267,899	263,721	257,937	251,229
Tangible Assets		8,287	8,232	8,233	8,233	8,233	8,233
Investments & other		6,856	26,811	26,811	26,811	26,811	26,811
Current Assets		121,533	135,220	168,430	204,782	245,825	290,850
Stocks		2,072	1,344	1,444	1,537	1,636	1,744
Debtors		80,285	86,321	92,746	98,692	105,107	112,032
Cash & cash equivalents		36,987	35,136	61,821	92,134	126,662	164,655
Other		2,189	12,419	12,419	12,419	12,419	12,419
Current Liabilities		(102,868)	(194,356)	(198,288)	(201,866)	(205,736)	(209,925)
Creditors		(75,020)	(96,269)	(100,201)	(103,779)	(107,649)	(111,838)
Tax and social security		(6,125)	(704)	(704)	(704)	(704)	(704)
Short term borrowings		(21,723)	(97,380)	(97,380)	(97,380)	(97,380)	(97,380)
Other		0	(3)	(3)	(3)	(3)	(3)
Long Term Liabilities		(155,535)	(109,085)	(109,085)	(109,085)	(109,085)	(109,085)
Long term borrowings		(123,800)	(70,667)	(70,667)	(70,667)	(70,667)	(70,667)
Other long term liabilities		(31,735)	(38,418)	(38,418)	(38,418)	(38,418)	(38,418)
Net Assets		138,903	137,358	164,001	192,596	223,984	258,113
Minority interests		537	3,757	4,420	5,141	5,931	6,792
Shareholders' equity		139,440	141,115	168,420	197,737	229,915	264,904
<b>CASH FLOW</b>							
Net operating cash flow		32,151	43,406	53,162	57,285	61,342	65,781
Capex		(6,486)	(13,095)	(13,000)	(12,000)	(11,000)	(11,000)
Acquisitions/disposals		(61,072)	(33,182)	0	0	0	0
Net interest		(1,526)	(1,441)	(2,811)	(2,950)	(2,725)	(2,455)
Equity financing		1,078	1,080	0	0	0	0
Dividends		(6,977)	(12,067)	(10,669)	(12,023)	(13,089)	(14,333)
Other		4,219	(3,866)	0	0	0	0
Net Cash Flow		(38,613)	(19,165)	26,682	30,313	34,528	37,993
Opening net debt/(cash)		71,003	104,225	124,725	98,043	67,730	33,202
FX		0	0	0	0	0	0
Other non-cash movements		5,391	(1,335)	0	0	0	0
Closing net debt/(cash)		104,225	124,725	98,043	67,730	33,202	(4,791)

Source: Tinexta accounts, Edison Investment Research

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**Revenue by geography**

**Management team**
**Chairman: Enrico Salza**

Enrico Salza is also chairman of Intesa Sanpaola, and a member of the board of the Italian Banking Association, Assonime (association of Italian joint stock companies) and the Venice Cini Foundation.

**CEO: Pier Andrea Chevallard**

Pier Andrea Chevallard was the managing director of Tecno Holding from 2009 until 2015 when he became the managing director and general manager of Tecnoinvestimenti. From 2001–14 he served as secretary general of the Milan Chamber of Commerce.

**Principal shareholders**

	(%)
Tecno Holding	56.1
Quaestio Capital Management	9.8
Mediolanum	2.2
Norges Bank	2.2
Kairos Partners	2.0

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