

TIP

BUY

Sector: Holdings & RE

Price: Eu8.35 - Target: Eu12.40

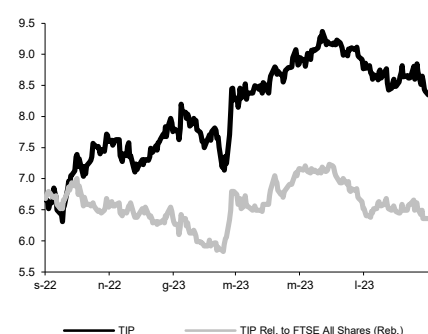
Strong 1H23, Boost from Private Investments Set to Continue

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Stock Rating

Rating: Unchanged
Target Price (Eu): Unchanged

TIP - 12M Performance



Stock Data

Reuters code: TIP.MI
Bloomberg code: TIP IM

Performance	1M	3M	12M
Absolute	-1.6%	-9.0%	25.0%
Relative	-1.8%	-12.3%	-7.2%
12M (H/L)	9.37/6.31		
3M Average Volume (th):	102.37		

Shareholder Data

No. of Ord shares (mn):	184
Total no. of shares (mn):	184
Mkt Cap Ord (Eu mn):	1,540
Total Mkt Cap (Eu mn):	1,540
Mkt Float - Ord (Eu mn):	929
Mkt Float (in %):	60.4%
Main Shareholder:	
Management	11.7%

Balance Sheet Data

Book Value (Eu mn):	1,213
Net Debt (Eu mn):	-450
NAV (Eu mn)	2,294

- Record adjusted net profit in 1H23 at Eu63.8mn.** TIP closed 1H23 with pro-forma profit rising to Eu63.8mn thanks to the growing and positive contribution of equity investments for Eu34mn (from Eu25.3mn in 1H22) and capital gains realised on disposal of part of the stake in Azimut Benetti to PIF, disposal of the stakes in Prysmian and Fagerhult, and the sale of Ferrari shares. 1H23 saw investments realised for Eu72.9mn, purchase of treasury shares for Eu9.7mn and direct divestments for Eu85.4mn. Shareholder equity grew to Eu1.3bn net of minorities, while the net financial position as at end-June came to Eu480.2mn excluding financial assets considered as short-term use of liquidity. In 1H23, proceeds from dividends were Eu8.3mn.
- Strong results from investees across the board.** TIP investees delivered strong results in 1H23. Listed companies showed an EBITDA margin of 15.4% while private companies reported remarkable results with average sales growth of 26% and EBITDA margins close to 18%. Some companies hit by the pandemic bounced back strongly: this is the case, above all, for Alpitour, which is expected to deliver very strong results this year, along with other private companies in the portfolio such as Limonta and Chiorino. The portfolio remains well-stocked for future value creation as portfolio firms leverage their leadership positions in their respective sectors.
- Net intrinsic value confirmed at Eu13.9ps.** The recent poor performance of the STAR segment comes from a less benign macro environment following the spike in interest rates and contingent outflows from mid/small caps (i.e., PIR funds outflows). TIP has a proven track record of value creation over time and is expected to benefit from a less competitive environment for investing. The 33 companies in which the company is invested include 11 worldwide leaders, 4 European leaders and 10 Italian leaders. The investees are continuously growing thanks to organic growth and M&A and we expect some of them to consider a listing in the future as a way to further accelerate their growth potential.
- BUY tp Eu12.40ps confirmed.** We have updated our NAV to include recent in investment and divestment activity, and updated valuations to include the recent results and indications on outlook. Our dynamic NAV remains well above current market prices with the discount at around 33%. The discount to the market prices NAV is close to 17%. The current price levels do not reflect the future value creation from investments. We expect unlisted companies in the portfolio to continue to show significant organic and M&A-driven growth as they benefit from healthy financial structures, strong competitive positioning, and opportunities to act as consolidators within sectors. We believe that some companies in the portfolio could unlock further value through a market listing once conditions enable proper reflection of valuations. We think that the current price is an attractive entry point: in the mid-long term, we expect the stock price to close the gap on the intrinsic value of the investment portfolio. We confirm our positive view on the stock and the target price of Eu12.4ps, which offers significant upside.

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	23.08 %
OUTPERFORM:	52.99 %
NEUTRAL:	22.22 %
UNDERPERFORM	01.71 %
SELL:	00.00 %

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BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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