INTESA SANPAOLO

Equity

MID CORPORATE

Company Note

TraWell

Fresh Cash Resources to Support the Recovery

After a challenging 2020, which saw sales dropping by >60% and net losses topping EUR 12.6M, also due to significant goodwill write-downs, TraWell is ready to rebound and announced a rights issue, which could bring >EUR 30M of new financial resources to the company to finance new acquisitions and the development of new services. Despite the recent share price hike (+35% since the right issue), TraWell remains undervalued: we move to ADD with a new target price of EUR 11.9/share.

FY20 results and capital increase

2020 was a distressing year for air traffic (-76.8% in Italy and -64% worldwide), but TraWell was able to limit EBITDA losses to EUR 1.1M even in front of a sales drop of >60%. However, net result was hit by EUR 8.7M goodwill write-downs, mostly in France where the company lost its concessions in the Paris airports. TraWell also announced a capital increase of EUR 1.9M, currently underway, at EUR 1/share, which implies a discount of >95%. The issue, which is combined with free warrants currently in the money (EUR 8.0 strike price), could bring nearly EUR 30M of additional resources if warrants were to be fully converted.

Outlook and estimates

The outlook for air traffic continues to be weak, with a full recovery to the 2019 levels expected only in 2023, according to IATA. In this scenario, we expect a strong sales rebound for TraWell, even if revenues should remain below the 2019 level up to 2024. EBITDA should turn positive already this year, reaching EUR 5M in 2023E. We believe the long-term potential of the company remains intact: TraWell has a diversified airport base (156 selling points in 52 airports), is introducing new promising business lines, and has a strong cost flexibility, as shown by 2020 results.

Valuation

In our view, the current share price does not reflect the market opportunity that wrapping can offer as a sanitation tool and the new business lines, which should be introduced this year while already it discounts the severe crisis of air travel. We set **a new target price of EUR 11.9/share,** which offers >16% upside. Therefore, we **move to ADD (from HOLD).**

Note: Intesa Sanpaolo took over equity coverage of TraWell on 12/4/2021; the ISP-UBI Equity Ratings Reconciliation Table and the archive of ex-UBI's previously published research reports are available at the following link:
https://group.intesasanpaolo.com/it/research/equity---credit-research/equity

17 June 2021: 13:12 CET
Date and time of production

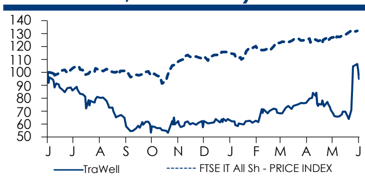
ADD
(from HOLD)

Target Price: EUR 11.9
(from EUR 8.3)

Italy/Airport Services
Update

AIM

Price Performance
RIC: TWL.MI, BB: TWL IM)



TraWell - Key Data

Price date (market close)	16/06/2021
Target price (EUR)	11.9
Target upside (%)	16.10
Market price (EUR)	10.25
Market cap (EUR M)	25.42
52Wk range (EUR)	11.5/5.8

Price performance %	1M	3M	12M
Absolute	33.9	40.0	-5.1
Rel. to FTSE IT All Sh	28.4	30.9	-28.2

Y/E Dec (EUR M)	FY20A	FY21E	FY22E
Revenues	16.86	24.35	32.48
EBITDA	-1.06	1.21	2.65
EBIT	-11.44	-0.08	1.31
Net income	-12.62	-0.47	0.25
EPS (EUR)	-20.36	-0.19	0.10
Net debt/-cash	11.46	8.02	6.36
Adj P/E (x)	Neg.	Neg.	100.0
EV/EBITDA (x)	Neg.	31.6	13.7
EV/EBIT (x)	Neg.	NM	27.7
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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FY20 Results

Overall, 2H20 results were mixed: while sales missed our expectations, EBITDA was much better while the net result was penalised by further goodwill write-downs. We highlight that financial statements were approved by the Board with a view to business continuity. During 2020, TraWell operated in 52 airports (26 in Europe, 21 in Asia and 5 in America) and one bus station with 156 selling points. The key points of results were:

Mixed results

- **Revenues down 63%:** as expected, sales were very weak in FY20 with a trend similar to the flight volumes reported in 2020 (-76.8% in Italy, according to Assaeroporti, and -64% worldwide according to Airports Council International). Europe dropped by nearly 70%, America was down 67% and Asia declined by 50%. In 2H20 sales dropped by 64% with a weak Christmas season;

Sales below expectations…

- **EBITDA was above expectations:** due to the closure of the majority of selling points, EBITDA was negative for EUR 1.1M in FY20 (vs. our -EUR 2.8M) with a strong recovery in the second half, which reported a positive EBITDA for EUR 0.5M despite dropping volumes. This was possible thanks to the adoption of several cost-cutting measures: 1) the existing concession conditions have been renegotiated with airports and the minimum guaranteed has been cancelled by nearly every airport; 2) workers operating in the selling points have been placed under temporary lay-off schemes; 3) the remuneration of the management and the board has been reduced; 4) fixed costs have been reduced with 42 micro-task measures; and 5) a debt moratorium has been realised under the conditions of "Cura Italia" decree;

…but better-than-expected EBITDA

- **EBIT impacted by write-downs:** EBIT was penalised by EUR 8.7M of goodwill write-down on the concessions in France (EUR 8.0M), Portugal (EUR 0.4M) and Latvia (EUR 0.3M) and was negative for EUR 11.4M in FY20. The write-downs were caused by the impairment test, also due to the limited duration of these concessions and to the loss of the concessions in Paris, which was totally written off. The average duration of all TraWell concessions was 1.9 years at Dec-20, compared with 2.2 years at Dec-19;

Further write-downs dragged down EBIT…

- **Net loss at EUR 12.6M:** after EUR 0.7M financial charges, which include EUR 0.8M loss stemming from the mark-to-market valuation of SosTravel.com (TraWell has a stake of 11%) and EUR 0.1M of taxes, net income attributable was negative for EUR 12.6M, worse than our EUR 9.0M expectation;

…leading to a net loss of EUR 12.6M

- **Growing net debt:** net debt increased to EUR 11.5M, compared with EUR 5.6M at Dec-19 and EUR 9.1M at June-20 mostly due to operating cash burning, EUR 2.5M of NWC absorption and capex for EUR 0.4M;

- **TraWell lost the concession in Paris:** in September 2021 the concession in the airports of Charles De Gaulle and Orly will expire and the Company lost the bid for the new concession last March. Based on our estimates, these two concessions generated a turnover of around EUR 6M on average in the past five years;

Concessions in Paris lost

- **Disposal of 23.5% of its American subsidiary**: On 7 June 2021, Trawell announced the sale of 23.5% of Safe Wrap of Florida, which operates in the Miami airport, to Secure Wrap, its partners in the US. The deal does not imply any payment. TraWell will keep a stake of 51% and Secure Wrap is committed to renew the concession in Miami up to March 2027 (the concession is now under prorogation regime as it expired in April 2021 and should be assigned within the end of September). The agreement also

TraWell will retain a stake of 51%

includes the distribution of TraWell "lost luggage concierge service" on the entire Secure Wrap network (17 countries with >50 selling points). The earnings generated by this service could compensate the higher weight of minorities for TraWell.

TraWell – 2H/FY20 results

EUR M	2H19A	FY19A	2H20A	2H20E	2H A/E %	2HA yoy %	FY20A	FY20E	FY E/C %	FY yoy%
Revenues	23.3	45.7	8.5	9.4	-10.0	-63.6	16.9	17.8	-5.3	-63.1
o/w Europe	11.2	21.5	2.7			-76.2	6.6			-41.5
o/w Asia	5.6	6.1	3.9			-31.2	5.9			5.5
o/w America	5.9	11.6	1.6			-73.0	3.9			-34.4
EBITDA	2.6	3.7	0.5	-1.3	-138.9	-81.0	-1.1	-2.8	-62.7	NM
Margin (%)	11.3	8.1	5.9	-13.6			-6.3	-16.0		
EBIT	2.0	2.2	-8.9	-2.1	NM	NM	-11.4	-4.6	NM	NM
Margin (%)	8.4	4.8	-105.3	-21.8			-67.8	-25.7		
Pre-tax	2.1	3.8	-4.3	-2.7	61.5	-300.3	-12.1	-10.5	15.5	NM
Net result attr.	1.1	1.6	-5.3	-1.6	NM	NM	-12.6	-9.0	40.5	NM
Net debt	5.6	5.6	11.5	14.8	-22.5	105.1	11.5	14.8	-22.5	105.1

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Capital increase

3 new shares every 1 old share at EUR 1.0/sh…

TraWell's AGM approved the launch a capital increase with pre-emption right issuing a maximum of no. 1,859,925 new TraWell ordinary shares, with no par value and regular entitlement, to be offered as an option to shareholders in the ratio of 3 new shares for 1 ordinary share owned, at the subscription price of EUR 1.0, which presents a discount of 96.3% compared to the average of the official prices of the Company's shares recorded in the May and 96.4% discount vs. the average price of the last six months. The option rights valid for the subscription of the new shares may be exercised from 7 June to 23 June 2021.

…and 2 warrants for every new share subscribed

TraWell will also issue 3,719,850 warrants, which will be attributed free of charge in the ratio of 2 warrants for each new share subscribed. The warrants could be converted into new shares with a 1:1 ratio at a price of EUR 8.0 from 1 September 2021 up to 16 December 2024. If fully subscribed, TraWell could cash in EUR 29.8M.

The main shareholder of TraWell, RG Holding (which controls 56.8% of the company) is already committed to subscribing the capital increase.

Given the huge discount to current market price and the appeal of the free warrants, we believe the capital increase will be fully subscribed. The issue is strongly dilutive (>70% based on our calculation). If fully subscribed, the new shares issued would cause our previous target price decrease to EUR 8.3/sh (from EUR 29.7/sh).

Air traffic outlook

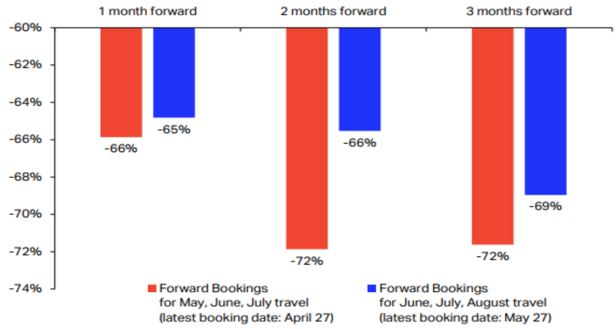
Air traffic still strongly down compared with 2019…

The recovery of air traffic on domestic markets continues, while it remains stagnant on international routes. In particular, air travel demand continued to improve in April following the rebound in March. According to IATA, seasonally adjusted RPKs increased by 5.1% compared to the prior month. However, industry-wide revenue passenger per kilometers (RPKs) were still 65.4% lower compared to the pre-crisis period (April 2019) with global international RPKs still 87.3% below pre-crisis levels (April 2019) in April 2021, similar to March (- 87.8%). On the positive side, we highlight that Russia's domestic traffic remained well above the pre-crisis levels since the new cases stabilised following the winter wave.

…but bookings are improving

Still, we highlight the strong evidence of pent-up demand for leisure air travel as shown by the increase of international travel bookings in May, which, for international travel, jumped by about 25% compared to the month of April. Early bookings for June-August travel period point to an improvement, although passengers continue to book close to the travel date. One of the problems is the need for molecular and antigenic tests to be taken both on departure and on arrival, but they are "extremely expensive" for passengers, so much so that they influence the decision of the trip. Therefore, the air travel industry is asking governments to support these costs and to make a low-cost test available.

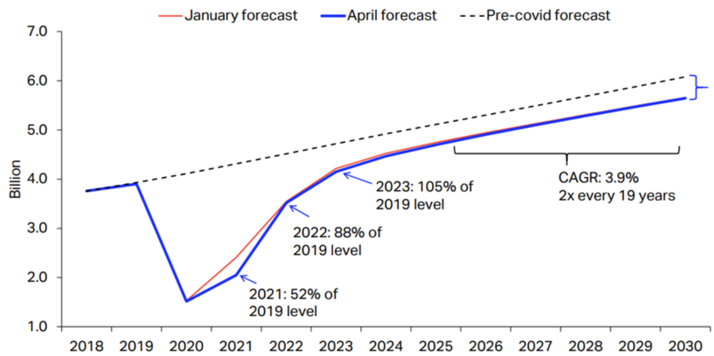
TraWell – forward bookings an April and May (% change vs. the same period of 2019)



Source: IATA Economics

Altogether, IATA anticipated in its latest release (26 May 2021) that a full recovery of 2019 levels should be possible only in 2023, with a strong rebound when border travel barriers are removed.

TraWell – Global passengers (bn)



Source: IATA Economics

Earnings Outlook

Following 2020 results and the updated air traffic outlook, we revised our 2021-22E estimates and introduced 2023E forecasts. In detail:

We expect a significant revenues growth, but sales should remain below 2019 in the next three years

- **Revenues:** sales estimates have been slightly revised, lowering 2021 expectations but increasing 2022. 2021 should reach EUR 24.3M revenues, 44% above 2020, but still 47% below 2019, while 2022 is expected at EUR 32.5M, or 29% below the 2019 level. Europe is expected to remain well below the 2019 level also in 2023 due to the loss of the Paris airports; Asia (including Russia, which is reporting a good performance) should grow rapidly, surpassing the 2019 level in 2023 and America should perform well;

TraWell – Sales estimates by area

EUR M	2019A	2020A	2021E	2022E	2023E	2020A-23E CAGR %
Europe	21.5	6.6	8.5	10.7	13.9	28.3
Sales growth %	6.4	-69.5	30.0	25.0	30.0	
% weighting	47.1	38.9	35.1	32.8	34.9	
Asia	11.7	5.9	8.3	11.1	13.3	31.1
Sales growth %	-9.2	-49.6	40.0	34.0	20.0	
% weighting	25.7	35.1	34.0	34.1	33.4	
America	11.6	3.9	7.0	10.1	11.9	45.5
Sales growth %	17.4	-66.7	80.0	45.0	18.0	
% weighting	25.4	22.9	28.6	31.1	30.0	

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research estimates

Margin recovery ahead

- **EBITDA:** in our view, the positive EBITDA reported in 2H20 represents a milestone for TraWell in light of the severe sales drop (-63.6%). Therefore, we forecast a positive margin also in 2021, which should be supported by higher volumes and the impact of the cost-cutting measures undertaken in 2020. Margins in 2021 are expected to remain below 2019 but they should be broadly in line with 2019 in 2022 (at around 8.2%) and then growing in 2023 when we estimate 12.4% EBITDA margin;

2021 still negative net result, turning positive in 2022

- **Net result:** after EUR 1.3M of D&A, EBIT should be at breakeven in 2021, thus leading to a negative net result this year. 2022 should see a slightly positive net result, which is expected to grow to EUR 2.3M in 2023. In our estimates we did not include any dividend payment in 2021-23;
- **Net debt:** net financial position should progressively improve on the back of growing cash flow, a positive impact from NWC which should return to normality (i.e. structurally negative at around 5-6% of sales), and minimal capex (we estimate cumulated capex below EUR 2M in 2021-23). Gearing should consequently drop from 133% in 2020A to 14.3 in 2023E while net debt/EBITDA ratio is expected to fall to 0.5x in 2023E from 6.6x at Dec-21E (in 2020 the ratio was negative).

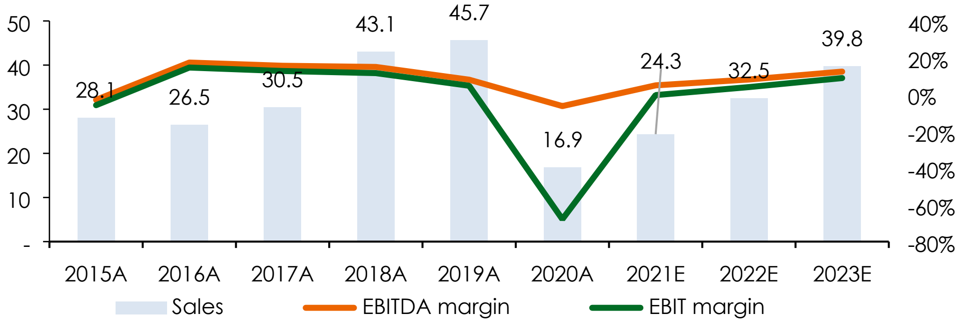
TraWell – Estimates revision

EUR M	2021E Old	2021E New	2021E New/Old %	2022E Old	2022E New	2022E New/Old %	2023E New
Revenues	26.6	24.3	-8.4	31.0	32.5	4.7	39.8
EBITDA	1.3	1.2	-7.2	3.3	2.6	-19.1	5.0
EBIT	-0.5	-0.1	-84.4	1.4	1.3	-7.0	3.6
Net result	-0.7	-0.6	-11.6	0.4	0.3	-35.1	2.3
Net debt/-cash	13.8	8.0	-42.0	11.9	6.4	-46.4	2.7

E: estimates; Source: Intesa Sanpaolo Research estimates

We highlight that our estimates do not include any further goodwill write-down as the maturity of the concessions could be prolonged, nor the potential positive impact of the increasing appeal of wrapping as an efficient sanitation tool (the virus cannot penetrate the plastic wrapping). In addition, we do not incorporate in our estimates new anticyclical business lines (such as baggage sanitisation and airport lobby massage services), which should be introduced in the coming months.

TraWell – Sales, EBITDA and EBIT margin trend



Source: Company data and Intesa Sanpaolo Research

Valuation

Rating ADD (from Hold); new TP of EUR 11.9/sh (from EUR 8.3/sh)

TraWell shares have jumped since the launch of the current rights issue on 7 June 2021, growing by nearly 50% in four days. However, since then, the share price has declined to EUR 10.1/share. We assume the current right issue to be fully subscribed; therefore, our share number is 2.48M (from 0.62M before the right issue). Our target price is based on a DCF (75% weighting) and a relative valuation (25% weighting) plus the market value of SosTravel.com's stake (EUR 1.0M or EUR 0.4/share), delivering a fair value of EUR 11.9/share (from EUR 8.3/share rebased on the new share number). This indicates potential upside of around 16%. Therefore, **we adopt ADD rating (from HOLD).**

TraWell – Valuation summary (EUR/share)

DCF valuation (75% weighting)	11.3
Relative valuation (25% weighting)	12.2
Average	**11.5**
SosTravel.com	0.4
Target price	**11.9**
Current price	10.2
Potential upside %	16.1

Source: Intesa Sanpaolo Research estimates

DCF model

Our DCF model returns a fair value of EUR 28.0M or EUR 11.30/share assuming that the ongoing right issue are fully subscribed, and incorporates the following assumptions, leading to a WACC of 6.8%:

- A risk-free rate of 1.0% and a market risk premium of 6.5%;
- An unleveraged beta of 0.85 based on air transportation industry in Europe (source: Damodaran Jan-21). This beta has been leveraged based on the 2020 financial structure (43% equity, 57% debt) at 1.56;
- A terminal growth rate of 1% and an operating margin of 7% at terminal value, which is below the EBIT margin reported before the Covid-19 outbreak (in 2017-19 the average EBIT margin was 9.7%).

TraWell – WACC and embedded DCF assumptions

WACC assumptions	(%)	Embedded DCF assumptions	(%)
Risk Free rate (10Y BTP bench.)	1.0	2020-29 revenue CAGR	8.9
Debt spread	4.0	Target EBIT margin at terminal value	7.0
Cost of debt [net]	3.5	Depr. on sales (2021-29 avg)	3.6
Market risk premium	6.5	Capex on sales (2021-29 avg)	2.2
Beta (x)	1.56		
Cost of equity	11.2		
Weight of debt	57		
Weight of equity	43		
WACC	**6.8**		

Source: Intesa Sanpaolo Research estimates

TraWell – DCF valuation

	(EUR M)	(% weighting)	EUR/share
Sum of PV 2015-23 FCF	16.63	40	6.71
Terminal value	25.02	60	10.09
Total Enterprise value	**41.65**	**100**	**16.79**
- minorities	-1.99		-0.80
- Pension Provision	-0.19		-0.07
+ Net cash/ -debt	-11.46		-4.62
Total Equity value	**28.01**		**11.30**
Fully diluted number of shares (m)	2.5		
Fair value per share (EUR)	**11.30**		

Source: Intesa Sanpaolo Research estimates

Our DCF valuation implies an EV/EBITDA of 9.1x at terminal value and has limited sensitivity to changes in the terminal growth rate and WACC, although a lower beta and/or stronger growth would increase our DCF fair value (for example, doubling the terminal growth rate would increase our DCF valuation by 20%).

TraWell – Sensitivity analysis

EUR M			g (%)		
WACC (%)	0.00	0.50	1.00	1.50	2.00
6.34	10.46	11.29	12.28	13.47	14.94
6.49	10.21	11.00	11.94	13.06	14.44
6.64	9.96	10.72	11.61	12.67	13.97
6.79	9.72	10.45	**11.30**	12.30	13.52
6.94	9.50	10.19	11.00	11.96	13.11
7.09	9.28	9.94	10.71	11.62	12.71
7.24	9.06	9.70	10.44	11.30	12.34

Source: Company data and Intesa Sanpaolo Research

Multiples analysis

No direct listed peers

TraWell has no comparable peers that are listed, although there are some listed companies active in the airport services business or in the service industry, all with a market capitalisation of over EUR 1Bn. Our sample is composed of: 1) Dufry, a global travel retailer with operations in 68 countries and 2,200 shops located mostly in airports, 2) Compass Group, a world leading food and support service company active in over 50 countries, 3) Sodexo, an international service company with nearly EUR 20Bn of sales and present in 80 countries, 4) Elior Group, a leading operator in the contracted food and support service industry with 18,600 points of sale, 5) SSP Group, an operator of branded food and beverage outlets in travel locations across 29 countries, and 6) Autogrill, a global operator in food and beverage services for travellers that is present in 31 countries with 4,200 points of sale.

TraWell – Multiples analysis

Company	Market Cap (EUR M)	EV/EBITDA 2021E	EV/EBITDA 2022E	EV/EBITDA 2023E	EV/Sales 2021E	EV/Sales 2022E	EV/Sales 2023E
Dufry	5,254	11.3	5.6	5.6	2.43	1.47	1.55
Compass Gr.	33,696	21.3	13.8	12.5	1.71	1.35	1.29
Sodexo	11,938	13.4	8.9	8.5	0.82	0.69	0.70
Elior Group	1,246	17.0	7.6	6.9	0.59	0.48	0.48
SSP Group	2,922		17.6	13.6	4.18	1.68	1.54
Autogrill	2,494	16.1	8.6	7.0	1.80	1.30	1.14
Average		**15.8**	**10.4**	**9.0**	**1.92**	**1.16**	**1.12**
Median		**16.1**	**8.8**	**7.7**	**1.76**	**1.32**	**1.22**
TraWell*	25	31.6	13.7	6.4	1.58	1.12	0.80
Premium/-discount %		NM	32.4	-28.8	-17.9	-3.7	-28.4

Priced at market close on 15 June 2021; F: forecasts; Source: FactSet and *Intesa Sanpaolo Research estimates

Based on the median of 2021-23 EV/EBITDA, TraWell would be valued at EUR 8.60/sh while on EV/Sales it would be EUR 15.78/sh. The average of these two valuations gives EUR 12.2/sh. At our 11.9/sh target price, TraWell would trade at 7.4x 2023E EV/EBITDA, which is still below the average multiple of our sample of peers (9.0x) and at 0.9x EV/Sales (vs. an average of 1.1x).

TraWell – Multiples implicit in our target price (EUR 11.9/sh)

	2021E	2022E	2023E
P/E	NM	116.1	12.9
EV/EBITDA	35.7	15.5	7.4
EV/EBIT	0.0	31.4	10.3
EV/Sales	1.8	1.3	0.9
P/BV	2.9	2.4	1.8
EV/ Capital employed	2.2	2.0	1.7

NM: not meaningful; E: estimates; Source: Intesa Sanpaolo Research

TraWell – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)		Sector
ADD	Ord 11.9		Ord 10.25		Airport Services
Values per share (EUR)	**2019A**	**2020A**	**2021E**	**2022E**	**2023E**
No. ordinary shares (M)	0.62	0.62	2.48	2.48	2.48
Total no. of shares (M)	0.62	0.62	2.48	2.48	2.48
Market cap (EUR M)	12.66	4.70	25.42	25.42	25.42
Adj. EPS	-1.00	-20.36	-0.19	0.10	0.92
CFPS	8.9	-7.05	0.84	0.93	1.8
BVPS	32.6	10.6	4.1	4.9	6.5
Dividend ord	0	0	0	0	0
Income statement (EUR M)	**2019A**	**2020A**	**2021E**	**2022E**	**2023E**
Revenues	45.72	16.86	24.35	32.48	39.78
EBITDA	3.68	-1.06	1.21	2.65	4.95
EBIT	2.18	-11.44	-0.08	1.31	3.56
Pre-tax income	3.82	-12.12	-0.83	0.78	3.19
Net income	1.58	-12.62	-0.47	0.25	2.29
Adj. net income	-0.62	-12.62	-0.47	0.25	2.29
Cash flow (EUR M)	**2019A**	**2020A**	**2021E**	**2022E**	**2023E**
Net income before minorities	2.6	-12.2	-0.6	0.7	2.7
Depreciation and provisions	1.5	10.4	1.3	1.3	1.4
Others/Uses of funds	2.2	-0.2	0.3	0.7	0.7
Change in working capital	1.4	-1.5	0.8	0.5	0.5
Operating cash flow	5.5	-4.4	2.1	2.3	4.5
Capital expenditure	-2.8	-0.4	-0.5	-0.6	-0.8
Financial investments	0	0	0	0	0
Acquisitions and disposals	-0.9	1.8	0	0	0
Free cash flow	1.9	-2.9	1.6	1.7	3.7
Dividends	-0.5	0	0	0	0
Equity changes & Other non-operating items	-5.2	-2.9	1.9	0	0
Net cash flow	-3.8	-5.9	3.4	1.7	3.7
Balance sheet (EUR M)	**2019A**	**2020A**	**2021E**	**2022E**	**2023E**
Net capital employed	28.1	20.1	20.0	20.6	21.2
of which associates	0	0	0	0	0
Net debt/-cash	5.6	11.5	8.0	6.4	2.7
Minorities	2.3	2.0	1.9	2.1	2.3
Net equity	20.2	6.6	10.1	12.1	16.2
Minorities value	0	0	0	0	0
Enterprise value	19.7	17.6	38.3	36.3	31.7
Stock market ratios (x)	**2019A**	**2020A**	**2021E**	**2022E**	**2023E**
Adj. P/E	Neg.	Neg.	Neg.	100.0	11.1
P/CFPS	2.3	Neg.	12.3	11.0	5.6
P/BVPS	0.63	0.71	2.5	2.1	1.6
Payout (%)	0	0	0	0	0
Dividend yield (% ord)	0	0	0	0	0
FCF yield (%)	14.7	-62.7	6.2	6.5	14.6
EV/sales	0.43	1.0	1.6	1.1	0.80
EV/EBITDA	5.3	Neg.	31.6	13.7	6.4
EV/EBIT	9.0	Neg.	NM	27.7	8.9
EV/CE	0.70	0.88	1.9	1.8	1.5
D/EBITDA	1.5	Neg.	6.6	2.4	0.54
D/EBIT	2.6	Neg.	Neg.	4.9	0.75
Profitability & financial ratios (%)	**2019A**	**2020A**	**2021E**	**2022E**	**2023E**
EBITDA margin	8.1	-6.3	5.0	8.2	12.4
EBIT margin	4.8	-67.8	-0.3	4.0	8.9
Tax rate	30.9	NM	30.0	15.0	15.0
Net income margin	3.4	-74.9	-1.9	0.8	5.8
ROCE	7.8	-57.0	-0.4	6.4	16.8
ROE	7.2	-94.2	-5.6	2.3	16.2
Interest cover	-1.3	-16.6	-0.1	2.5	9.6
Debt/equity ratio	24.8	133.5	66.9	44.6	14.3
Growth (%)		**2020A**	**2021E**	**2022E**	**2023E**
Sales		-63.1	44.4	33.4	22.5
EBITDA		NM	NM	NM	86.9
EBIT		NM	99.3	NM	NM
Pre-tax income		NM	93.1	NM	NM
Net income		NM	96.3	NM	NM
Adj. net income		NM	96.3	NM	NM

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Company Snapshot

Company Description

TraWell is a leading service company specialising in luggage wrapping and tracing for airline passengers. It operates in 52 airports with >500 million passengers per annum, in Italy, Europe, Canada, the US (Miami), Russia and in Asia with 163 selling points. The average duration of its concessions is 1.8 years. TraWell was listed on the AIM market in September 2013 and on Nasdaq in July 2019. In July 2020 TraWell finalised its reverse stock split with a 1:25 ratio.

Key Risks

Company specific risks:

- Potential write down of existing goodwill
- Average duration of concessions is now relatively low
- Currency fluctuations
- No dividend expected in the next three years

Sector generic risks:

- Potential bankruptcy of airlines and airports following Covid-19
- Low visibility on the recovery of air travel
- Geopolitical risk (e.g. terror attacks)

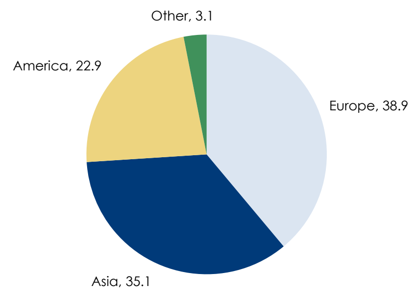
Key data

Mkt price (EUR)	10.25	Free float (%)	22.8
No. of shares	2.48	Major shr	RG Hold.
52Wk range (EUR)	11.5/5.8	(%)	56.8
Reuters	TWL.MI	Bloomberg	TWL IM
Performance (%)	**Absolute**		**Rel. FTSE IT All Sh**
-1M	33.9	-1M	28.4
-3M	40.0	-3M	30.9
-12M	-5.1	-12M	-28.2

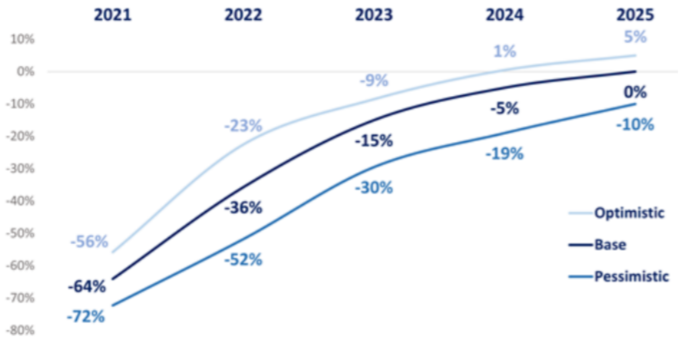
Estimates vs. consensus

EUR M (Y/E Dec)	2020A	2021E	2021C	2022E	2022C	2023E	2023C
Sales	16.86	24.35	NM	32.48	NM	39.78	NM
EBITDA	-1.06	1.21	NM	2.65	NM	4.95	NM
EBIT	-11.44	-0.08	NM	1.31	NM	3.56	NM
Pre-tax income	-12.12	-0.83	NM	0.78	NM	3.19	NM
Net income	-12.62	-0.47	NM	0.25	NM	2.29	NM
EPS	-20.36	-0.19	NM	0.10	NM	0.92	NM

Sales breakdown by area (%)



European airport passenger traffic: 5 years forecast



Source: Company data, Intesa Sanpaolo Research estimates, ACI and FactSet consensus data (priced at market close of 16/06/2021)

Our Mid Corporate Definition

Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies have revenues ranging from EUR 50M-EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation below EUR 1Bn.

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https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest0

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Equity Rating Key (long-term horizon: 12M)

Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
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HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
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TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

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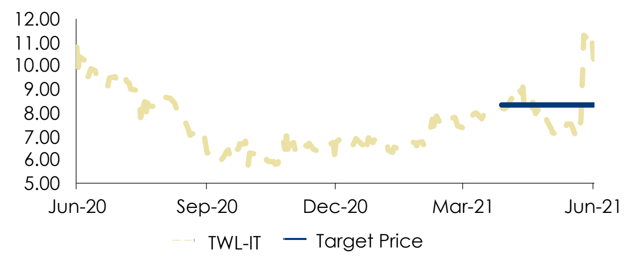
Target price and market price trend (-1Y)



Historical recommendations and target price trend (-1Y)

Date	Rating	TP (EUR)	Mkt Price (EUR)
12-Apr-21	HOLD	8.3	8.2

Equity rating allocations (long-term horizon: 12M)

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Number of companies considered: 127	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)(*)	46	27	26	1	0
of which Intesa Sanpaolo's Clients (%) (**)	82	71	64	100	0

(*) Last rating refers to rating as at end of the previous quarter; (**) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and Investment banking services in the last 12 months; percentage of clients in each rating category

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Equity rating key (short-term horizon: 3M)

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- Intesa Sanpaolo acts as Specialist relative to securities issued by TraWell

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