



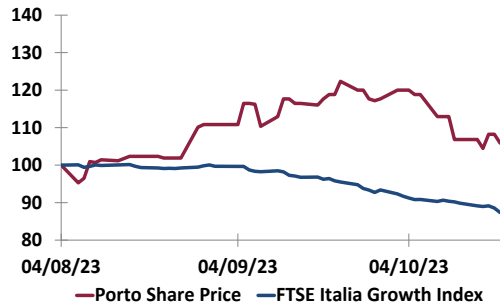
PORTO AVIATION GROUP

## OUTPERFORM

Current Share Price (€): 4.50

Target Price (€): 6.25

### Porto Aviation - Performance since IPO



Source: S&P Capital IQ - Note: 04/08/2023 (IPO offer price)=100

### Company data

ISIN number	IT0005545238
Bloomberg code	PAG IM
Reuters code	PAG.MI
Industry	Manufacturing
Stock market	Euronext Growth Milan
Share Price (€)	4.50
Date of Price	20/10/2023
Shares Outstanding (m)	2.4
Market Cap (€m)	10.7
Market Float (%)	15.2%
Daily Volume	350
Avg Daily Volume since IPO	2,331
Target Price (€)	6.25
Upside (%)	39%
Recommendation	OUTPERFORM

### Share price performance

	IPO	1M
Porto - Absolute (%)	6%	-11%
FTSE Italia Growth Index (%)	-13%	-9%
IPO Range H/L (€)	5.20	4.05
IPO Change (€) / %	0.25	6%

Source: S&P Capital IQ

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## H1 on track, sound backlog highlights Porto potential

### Trading update: beating the market

Since the IPO, Porto share price has overperformed the market: after a slight decline in the first day after the IPO, stock price rebounded (+6%), detaching from the FTSE Italia Growth index, which in the same period lost 13%.

### H1 2023: Sales up by 13%, progress on main economics

In H1 2023 Porto sales went up to €1.5m, from €1.3m in H1 2022, +13%, with 6 aircrafts delivered vs 4 in the same period last year. Total revenues of €1.9m include a €550k grant for the development of EASA 4-seat model, from government funds. Operating costs were in line with turnover growth, resulting in EBITDA at €0.7m vs €0.3m in H1 2022; EBITDA adjusted of grant would be €0.14m, 10% margin. Period net income of €0.4m, vs €(0.2)m loss in H1 2022. Trade Working Capital was quite stable, with a limited increase in inventory and receivables. Net cash position as of June 2023 of €0.4m, from €0.1m as of December 2022.

### On the growth path, backed by backlog and expected higher production efficiency

Backlog of 16 aircrafts at IPO asserts the ongoing demand for light sport aircrafts and appeal of Porto products, despite the uncertain current global economic framework. According to management, current production rate of 1 aircraft for month is expected to improve to 1.5 within year-end to cope with higher demand.

### Target Price of €6.25 per share and OUTPERFORM rating confirmed

H1 2023 results are congruous with our full year expectations, thus, we confirm our estimates. Our valuation of Porto Aviation is unchanged at €6.25 target price per share, +39% on current share price, with OUTPERFORM rating.

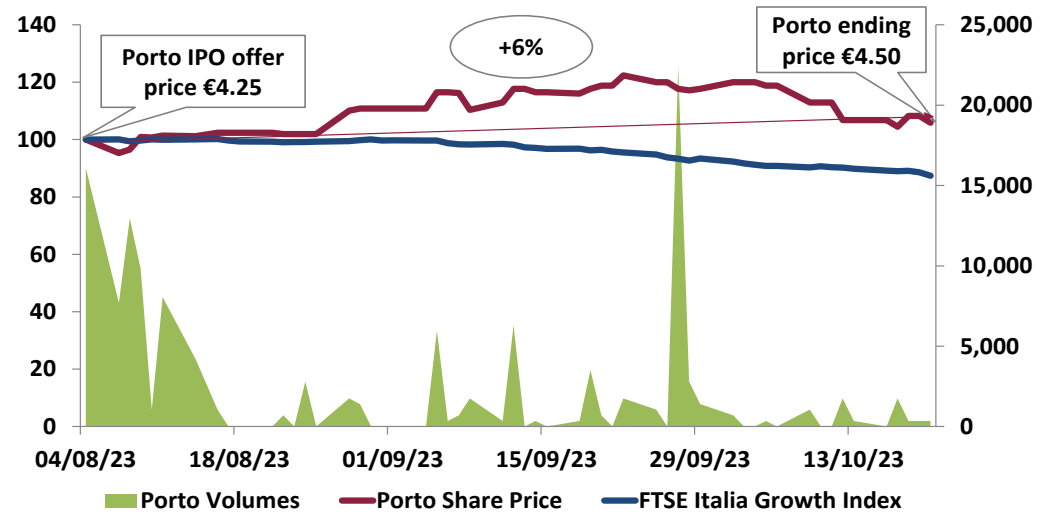
### KEY FINANCIALS AND ESTIMATES

€m	2020	2021	2022	2023E	2024E	2025E	2026E
Revenues	1.7	1.8	2.4	4.1	4.8	7.9	11.7
EBITDA	0.2	0.2	0.0	0.6	0.9	1.7	2.9
Margin	14.4%	9.0%	1.5%	15.6%	18.2%	21.1%	24.7%
Net Income (Loss)	(0.0)	(0.1)	(0.4)	0.1	0.1	0.6	1.4
Net (Debt) Cash	0.2	0.1	0.1	0.3	(0.4)	(0.8)	(0.2)
Equity	1.9	1.9	1.4	3.1	3.2	3.8	5.2

Source: Company data 2020-22A, EnVent Research 2023-26E

## Market update

### Porto Aviation - Share price performance and trading volumes since IPO



Source: EnVent Research on S&P Capital IQ - Note: 04/08/2023 (IPO offer price)=100

Trading price range €4.05-5.20 per share

+6% for Porto since IPO, vs -13% of the Italia Growth Index

## Investment case

**In-house R&D and manufacturing to achieve top performance**

Porto Aviation Group SpA (Porto) is an Italian producer of lightweight aircrafts designed and engineered from scratch in-house. An ultralight is a small aircraft easy to fly that meets certain regulations set by national aviation authorities, restricting weight and performance. The internal development process unlocks the full potential of this kind of aircrafts, providing fast and efficient vehicles; Porto also produces propellers, engineered in-house. Currently, Porto has two manufacturing facilities, in Italy and Serbia, and 28 employees.

**Wide geographical coverage**

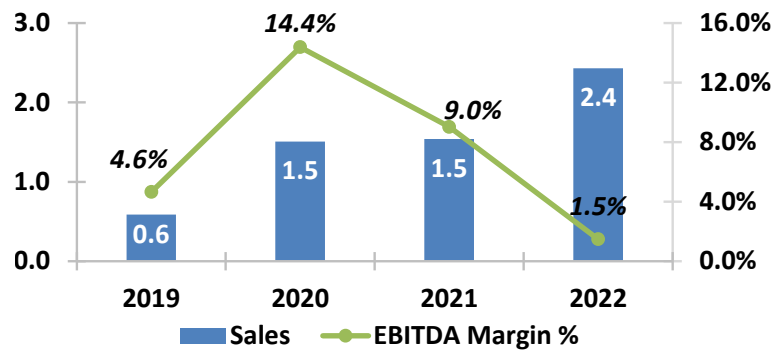
Historically, nearly all Porto's aircrafts orders have been from international wealthy customers, mostly from USA and Germany. Top notch performance, low consumption and safety measures qualify Porto aircrafts as a benchmark; product quality is witnessed by the continuous breaking of world records in the last years.

Main pillars:

**Strategy**

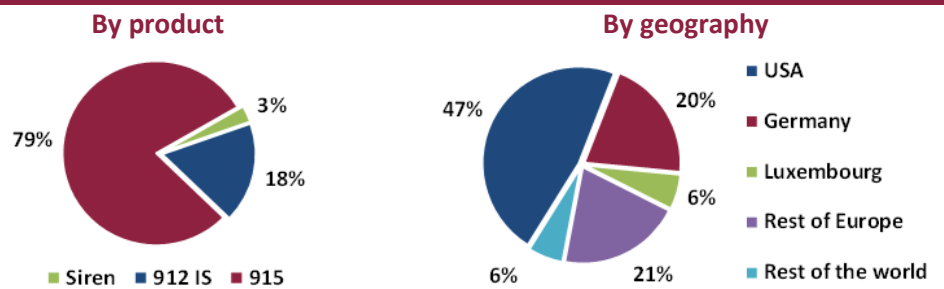
- Products range expansion, developing new General Aviation models to cope with market demand, such as the 4-seat aircraft currently under development
- International expansion through new branches and partnerships. First target is the opening of a USA branch to provide a higher quality sales and post sales experience to American customers

### Historical Sales and EBITDA



Source: Company data

### Historical sales breakdown



Source: Company data - Note: aggregated figures until FY22

## Drivers

### Industry drivers

**A pricier flying experience.** Ultralight aircrafts have a lower acquisition cost as well as operational expenses compared to traditional airplanes, leading these types of aircrafts to become increasingly popular amongst wealthy people as hobby and training pilots seeking flying time with no significant costs. They could also be used for short travels, providing access to locations with no regular flights or eliminating wasting time for queues and check-ins. New technology developments, which are leading to increased fuel efficiency and reduced noise emissions, are also expected to push global demand.

**Rise in business travels, tourism and other commercial applications of ultralight aircraft.** Ultralight aircraft applications have been under continuous evolution: from purely recreational activities, they are currently used for commercial, military, civil and commutation purposes, along with increased tourism and leisure purposes. Design innovation and customization have been lead industry growth factors.

**A hobby for high-net-worth consumers.** An ultralight aircraft is a luxury item purchased by wealthy aviation enthusiasts who could afford to shell out considerable figures and whose consumption habits are more resilient to recessions. HNWI and

UHNWIs are expected to grow globally respectively by 41% and 27% in 2020-25, according to real estate consulting firm Knight Frank (Source: Knight Frank, *UHNWI growth forecasts: where is affluence emerging?*, 2021).

**Less administration, more fun.** Acquiring a lightweight aircraft is easier due to the lax regulations regarding their ownership in most countries. Aircrafts classified as LSA by U.S. Federal Aviation Administration are subject to less stringent regulations and have significantly fewer restrictions than FAA/EASA certified aircrafts, typically used for general aviation. Regulations vary in each country but generally impose weight limits and engine size restrictions.

**A training ground for flight.** The use of lightweight aircrafts in flight training is becoming increasingly popular. Lightweight airplanes are much easier to be used compared with standard aircrafts. For instance, it is possible for a pilot with no experiences to undertake a flight training without any previous experience. Learning on a lightweight aircraft from beginner level through intermediate levels helps pilots to develop skills to be applied later. This makes ultralight perfect for beginner pilots who are starting their aviator's path.

**New markets expansion.** The use of lightweight aircrafts is common in countries such as US, Canada and Australia for sports and recreational purposes. Developing economies are now expected to be the next frontiers of ultralight market, driven by the rise in disposable income and by the recreational flights legalization trend occurred over recent years, which may result in a greater number of participants. Millennials are expected to be the most attracted by the use of lightweight aircrafts for recreational purposes.

### **Company drivers**

**In-house R&D and manufacturing.** Porto's aircrafts assure remarkable performance in speed and range compared to most competitors' products. These results have been achieved on the strength of in-house engineering competences, state-of-the-art developing technologies such as Computerized Fluid Dynamic, top notch materials (like carbon fiber) and craftsmanship. In-house engineering and manufacturing of specific components such as high-end propellers also ensure a technical advantage on competitors.

**Track record and reputation.** Product quality and performance are testified by the number of world records beaten by Porto flagship product Risen in the last years and by the national authorities' certifications obtained for its aircraft across Europe.

**Team experience.** Management consists of entrepreneurs and professionals with experience in aerodynamics and engineering who actively contribute to the project's development of the aircrafts.

## Challenges

**Switch to hybrid and electric engines.** The green trend landed in the aircraft market: in recent years there has been a rapid increase in R&D to substitute traditional fossil fuels propulsion with commercially viable hybrid or full electric aircraft propulsion to reduce emissions. Despite concerns about range reduction and safety, research activities are fostered by the growing attention new customers pay on environmental issues.

**Safety concerns and regulatory landscape.** Light weight target could imply a trade-off on safety systems available in larger aircrafts. It's undeniable that there have been crashes that led to fatalities, increasing concerns toward the safety of these kinds of aircrafts. Technological advancements allowing to cruise at higher speed and automated operations have stimulated debates about the minimal regulatory landscape and safety requirements. Moreover, increasing integration of electric components and commercialization of electric aircrafts call for a different regulatory framework.

**UAV: aircraft rental purpose.** Growing adoption of Unmanned Aerial Vehicles for civil, commercial and military use will challenge the industry. The UAV technology has made it easier for operators to rent their assets with limited hassle. The demand for these planes is gradually increasing and their lower maintenance costs make them more attractive for rental organizations with a fleet below 500 units.

## H1 2023 results

### Profit and Loss

€m	H1 2022	H1 2023
Sales	1.3	1.5
Change in inventory	0.0	(0.2)
Other income	0.0	0.6
<b>Total Revenues</b>	<b>1.4</b>	<b>1.9</b>
YoY %	-	40.5%
Materials	(0.6)	(0.5)
Services	(0.2)	(0.2)
Personnel	(0.3)	(0.4)
Other operating costs	(0.0)	(0.1)
<b>Operating charges</b>	<b>(1.1)</b>	<b>(1.2)</b>
<b>EBITDA</b>	<b>0.3</b>	<b>0.7</b>
Margin	18.7%	36.2%
D&A	(0.6)	(0.1)
<b>EBIT</b>	<b>(0.3)</b>	<b>0.6</b>
Margin	-23.3%	30.5%
Interest	(0.0)	(0.0)
<b>EBT</b>	<b>(0.3)</b>	<b>0.6</b>
Margin	-23.6%	30.2%
Income taxes	0.1	(0.2)
<b>Net Income (Loss)</b>	<b>(0.2)</b>	<b>0.4</b>
Margin	-15.3%	19.2%

### Balance Sheet

€m	2022	H1 2023
Inventory	1.4	1.5
Trade receivables	0.1	0.4
Advances from customers	(1.3)	(1.3)
Trade payables	(0.3)	(0.4)
Trade Working Capital	(0.1)	0.1
Other assets (liabilities)	0.3	0.2
<b>Net Working Capital</b>	<b>0.3</b>	<b>0.3</b>
Intangible assets	0.5	0.6
Property, plant and equipment	0.6	0.6
Equity investments and financial assets	0.1	0.1
<b>Non-current assets</b>	<b>1.3</b>	<b>1.3</b>
<b>Provisions</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>Net Invested Capital</b>	<b>1.3</b>	<b>1.4</b>
Bank debt	0.4	1.2
Other financial debt	0.0	0.0
Cash and equivalents	(0.5)	(1.6)
<b>Net Debt (Cash)</b>	<b>(0.1)</b>	<b>(0.4)</b>
Shareholders' Equity	1.4	1.8
<b>Equity</b>	<b>1.4</b>	<b>1.8</b>
<b>Sources</b>	<b>1.3</b>	<b>1.4</b>

Source: Company data - Note: Given the negligible results of the fully-owned captive subsidiary Aerotec Composites, its accounts have not been consolidated so far, according to management

### Cash Flow

€m	H1 2022	H1 2023
<b>EBIT</b>	<b>(0.3)</b>	<b>0.6</b>
Current taxes	0.1	(0.2)
D&A	0.6	0.1
Provisions	(0.2)	(0.0)
<b>Cash flow from P&amp;L operations</b>	<b>0.1</b>	<b>0.5</b>
Trade Working Capital	(0.1)	(0.2)
Other assets and liabilities	0.3	0.1
Capex	0.6	(0.2)
<b>Operating cash flow after working capital and capex</b>	<b>1.0</b>	<b>0.3</b>
Interest	(0.0)	(0.0)
Impairment of financial assets	0.0	0.0
Equity investments and financial assets	0.1	(0.0)
Equity adjustment	(1.2)	0.0
<b>Net cash flow</b>	<b>(0.1)</b>	<b>0.3</b>
Net (Debt) Cash - Beginning	0.1	0.1
Net (Debt) Cash - End	0.0	0.4
<b>Change in Net (Debt) Cash</b>	<b>(0.1)</b>	<b>0.3</b>

### Ratio analysis

KPIs	H1 2023
ROE	7%
ROS (EBIT/Sales)	10%
ROIC (NOPAT/Invested Capital)	29%
DOI	203
DSO	43
DPO	77
TWC/Sales	4%
Net Debt / EBITDA	cash
Net Debt / Equity	cash
Net Debt / (Net Debt+Equity)	cash
Cash flow from P&L operations / EBITDA	70%
FCF / EBITDA	39%

Source: Company data - Note: Given the negligible results of the fully-owned captive subsidiary Aerotec Composites, its accounts have not been consolidated so far, according to management

Note: H1 KPIs calculated on LTM economics

## Financial projections

### Profit and Loss

€m	2020	2021	2022	2023E	2024E	2025E	2026E
Sales	1.5	1.5	2.4	3.4	4.1	6.1	9.3
Change in inventory	0.2	0.2	(0.2)	0.5	0.5	1.7	2.2
Other income	0.0	0.1	0.1	0.1	0.1	0.1	0.1
<b>Total Revenues</b>	<b>1.7</b>	<b>1.8</b>	<b>2.4</b>	<b>4.1</b>	<b>4.8</b>	<b>7.9</b>	<b>11.7</b>
YoY %	-	7.3%	29.9%	69.7%	16.9%	65.7%	48.4%
Materials	(0.5)	(0.6)	(1.2)	(1.6)	(1.9)	(2.6)	(3.9)
Services	(0.3)	(0.4)	(0.4)	(0.7)	(0.7)	(1.3)	(1.9)
Personnel	(0.4)	(0.5)	(0.7)	(1.0)	(1.1)	(2.1)	(2.7)
Other operating costs	(0.2)	(0.2)	(0.0)	(0.1)	(0.1)	(0.2)	(0.4)
<b>Operating charges</b>	<b>(1.5)</b>	<b>(1.7)</b>	<b>(2.4)</b>	<b>(3.4)</b>	<b>(3.9)</b>	<b>(6.2)</b>	<b>(8.8)</b>
<b>EBITDA</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>	<b>0.6</b>	<b>0.9</b>	<b>1.7</b>	<b>2.9</b>
Margin	14.4%	9.0%	1.5%	15.6%	18.2%	21.1%	24.7%
D&A	(0.2)	(0.2)	(0.7)	(0.4)	(0.6)	(0.7)	(0.7)
<b>EBIT</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.6)</b>	<b>0.3</b>	<b>0.3</b>	<b>1.0</b>	<b>2.2</b>
Margin	1.2%	-3.0%	-26.6%	6.9%	5.5%	12.3%	18.5%
Interest	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)
<b>EBT</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.6)</b>	<b>0.2</b>	<b>0.1</b>	<b>0.8</b>	<b>2.0</b>
Margin	0.8%	-3.2%	-26.9%	4.9%	2.3%	10.4%	17.2%
Income taxes	(0.0)	(0.0)	0.2	(0.1)	(0.0)	(0.2)	(0.6)
<b>Net Income (Loss)</b>	<b>(0.0)</b>	<b>(0.1)</b>	<b>(0.4)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.6</b>	<b>1.4</b>
Margin	-0.2%	-3.5%	-18.6%	3.4%	1.5%	7.4%	12.3%

Source: Company data 2020-22A, EnVent Research 2023-26E - Note: Given the negligible results of the fully-owned captive subsidiary Aerotec Composites, FY21-22 finstats were not consolidated.

### Balance Sheet

€m	2020	2021	2022	2023E	2024E	2025E	2026E
Inventory	1.3	1.6	1.4	1.9	2.5	4.2	6.4
Trade receivables	0.7	0.7	0.1	0.3	0.4	0.6	0.9
Advances from customers	(1.1)	(1.1)	(1.3)	(1.7)	(2.1)	(2.7)	(4.2)
Trade payables	(0.2)	(0.4)	(0.3)	(0.5)	(0.6)	(0.8)	(1.2)
Trade Working Capital	0.7	0.8	(0.1)	0.1	0.3	1.2	1.9
Other assets (liabilities)	0.0	0.0	0.3	0.5	0.6	1.1	1.6
<b>Net Working Capital</b>	<b>0.7</b>	<b>0.9</b>	<b>0.3</b>	<b>0.7</b>	<b>0.9</b>	<b>2.3</b>	<b>3.5</b>
Intangible assets	0.8	0.7	0.5	1.5	1.9	1.7	1.5
Property, plant and equipment	0.4	0.4	0.6	0.8	1.0	1.1	1.2
Equity investments and financial assets	0.0	0.0	0.1	0.1	0.1	0.1	0.1
<b>Non-current assets</b>	<b>1.2</b>	<b>1.1</b>	<b>1.3</b>	<b>2.5</b>	<b>3.0</b>	<b>2.9</b>	<b>2.8</b>
<b>Provisions</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>(0.6)</b>	<b>(0.8)</b>
<b>Net Invested Capital</b>	<b>1.7</b>	<b>1.8</b>	<b>1.3</b>	<b>2.8</b>	<b>3.6</b>	<b>4.5</b>	<b>5.5</b>
<b>Net Debt (Cash)</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>0.4</b>	<b>0.8</b>	<b>0.2</b>
<b>Equity</b>	<b>1.9</b>	<b>1.9</b>	<b>1.4</b>	<b>3.1</b>	<b>3.2</b>	<b>3.8</b>	<b>5.2</b>
<b>Sources</b>	<b>1.7</b>	<b>1.8</b>	<b>1.3</b>	<b>2.8</b>	<b>3.6</b>	<b>4.5</b>	<b>5.5</b>

Source: Company data 2020-22A, EnVent Research 2023-26E - Note: Given the negligible results of the fully-owned captive subsidiary Aerotec Composites, FY21-22 finstats were not consolidated.

### Cash Flow

€m	2021	2022	2023E	2024E	2025E	2026E
<b>EBIT</b>	<b>(0.1)</b>	<b>(0.6)</b>	<b>0.3</b>	<b>0.3</b>	<b>1.0</b>	<b>2.2</b>
Current taxes	(0.0)	0.2	(0.1)	(0.0)	(0.2)	(0.6)
D&A	0.2	0.7	0.4	0.6	0.7	0.7
Provisions	(0.0)	0.0	0.1	0.0	0.3	0.2
<b>Cash flow from P&amp;L operations</b>	<b>0.1</b>	<b>0.3</b>	<b>0.7</b>	<b>0.9</b>	<b>1.7</b>	<b>2.5</b>
Trade Working Capital	(0.1)	0.9	(0.2)	(0.2)	(0.9)	(0.7)
Other assets and liabilities	(0.0)	(0.3)	(0.2)	(0.1)	(0.4)	(0.5)
Capex	(0.2)	(0.7)	(1.1)	(1.1)	(0.6)	(0.6)
<b>Operating cash flow after working capital and capex</b>	<b>(0.2)</b>	<b>0.2</b>	<b>(0.8)</b>	<b>(0.5)</b>	<b>(0.2)</b>	<b>0.7</b>
Interest	(0.0)	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)
Equity investments and financial assets	(0.0)	(0.1)	0.0	0.0	0.0	0.0
IPO proceeds	0.0	0.0	1.6	0.0	0.0	0.0
Capex - IPO cost	0.0	0.0	(0.5)	0.0	0.0	0.0
<b>Net cash flow</b>	<b>(0.2)</b>	<b>0.0</b>	<b>0.2</b>	<b>(0.7)</b>	<b>(0.4)</b>	<b>0.5</b>
Net Debt (Beginning)	0.2	0.1	0.1	0.3	(0.4)	(0.8)
Net Debt (End)	0.1	0.1	0.3	(0.4)	(0.8)	(0.2)
<b>Change in Net Debt (Cash)</b>	<b>(0.2)</b>	<b>0.0</b>	<b>0.2</b>	<b>(0.7)</b>	<b>(0.4)</b>	<b>0.5</b>

Source: Company data 2020-22A, EnVent Research 2023-26E

### Ratio analysis

KPIs	2020	2021	2022	2023E	2024E	2025E	2026E
ROE	0%	-3%	-31%	4%	2%	15%	28%
ROS (EBIT/Sales)	1%	-4%	-26%	8%	6%	16%	23%
ROIC (NOPAT/Invested Capital)	0%	-2%	-35%	7%	5%	15%	29%
DOI	316	381	211	210	220	250	250
DSO	140	132	13	30	30	30	30
DPO	48	98	53	60	60	60	60
TWC/Sales	48%	55%	-2%	3%	7%	20%	20%
Net Debt / EBITDA	cash	cash	cash	cash	0.4x	0.5x	0.1x
Net Debt / Equity	cash	cash	cash	cash	0.1x	0.2x	0.0x
Net Debt / (Net Debt+Equity)	cash	cash	cash	cash	0.1x	0.2x	0.0x
Cash flow from P&L operations / EBITDA	n.a.	89%	nm	106%	100%	102%	86%
FCF / EBITDA	n.a.	-92%	nm	-129%	-57%	-15%	24%

Source: Company data 2020-22A, EnVent Research 2023-26E

## Valuation

The valuation of Porto Aviation has been performed through the Discounted Cash Flows method applied to our 2023-26E financial projections, on the assumption that DCF can properly factor the Company's expected growth over the next years. Available market multiples come from cases and business models excessively different, as such, we would not rely on those multiples for the excess of subjectivity that would have been involved, given the low comparability with the few large companies producing commercial aircrafts, subject to different market dynamics.

### Discounted Cash Flows

Updated assumptions:

- Risk free rate: 4.0% (Italian 10-year government bonds interest rate – last 30 days average. Source: Bloomberg, October 2023)
- Market return: 12.5% (last 30 days average. Source: Bloomberg, October 2023)
- Market risk premium: 8.5%
- Beta: 1 (judgmental)
- Cost of equity: 12.5%
- Cost of debt: 5.0%
- Tax rate: 24% (IRES)
- 30% debt/(debt + equity) as target capital structure
- WACC 9.9%, according to above data
- Perpetual growth rate after explicit projections (G): 3.0%
- Terminal Value assumes a 23% EBITDA margin



### DCF Valuation

€m	2021	2022	2023E	2024E	2025E	2026E	Perpetuity
<b>Revenues</b>	<b>1.8</b>	<b>2.4</b>	<b>4.1</b>	<b>4.8</b>	<b>7.9</b>	<b>11.7</b>	<b>12.1</b>
<b>EBITDA</b>	<b>0.2</b>	<b>0.0</b>	<b>0.6</b>	<b>0.9</b>	<b>1.7</b>	<b>2.9</b>	<b>2.8</b>
<i>Margin</i>	9.0%	1.5%	15.6%	18.2%	21.1%	24.7%	23.0%
<b>EBIT</b>	<b>(0.1)</b>	<b>(0.6)</b>	<b>0.3</b>	<b>0.3</b>	<b>1.0</b>	<b>2.2</b>	<b>2.3</b>
<i>Margin</i>	-3.0%	-26.6%	6.9%	5.5%	12.3%	18.5%	18.9%
Taxes	0.0	0.2	(0.1)	(0.1)	(0.3)	(0.6)	(0.6)
<b>NOPAT</b>	<b>(0.0)</b>	<b>(0.5)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.7</b>	<b>1.6</b>	<b>1.6</b>
D&A	0.2	0.7	0.4	0.6	0.7	0.7	0.5
Provisions	(0.0)	0.0	0.1	0.0	0.3	0.2	0.0
<b>Cash flow from operations</b>	<b>0.2</b>	<b>0.3</b>	<b>0.7</b>	<b>0.8</b>	<b>1.7</b>	<b>2.5</b>	<b>2.1</b>
Trade Working Capital	(0.1)	0.9	(0.2)	(0.2)	(0.9)	(0.7)	(0.2)
Other assets and liabilities	(0.0)	(0.3)	(0.2)	(0.1)	(0.4)	(0.5)	0.0
Capex	(0.2)	(0.7)	(1.6)	(1.1)	(0.6)	(0.6)	(0.5)
<b>Unlevered free cash flow</b>	<b>(0.1)</b>	<b>0.1</b>	<b>(1.3)</b>	<b>(0.5)</b>	<b>(0.3)</b>	<b>0.6</b>	<b>1.4</b>
<b>- H1 unlevered free cash flow</b>			<b>(0.3)</b>				
<b>Free Cash Flow to be discounted</b>			<b>(1.6)</b>	<b>(0.5)</b>	<b>(0.3)</b>	<b>0.6</b>	<b>1.4</b>
WACC	9.9%						
Long-term growth (G)	3.0%						
<b>Discounted Cash Flows</b>			<b>(1.5)</b>	<b>(0.5)</b>	<b>(0.2)</b>	<b>0.5</b>	
Sum of Discounted Cash Flows	(1.8)						
<b>Terminal Value</b>							<b>20.4</b>
Discounted TV	14.7						
<b>Enterprise Value</b>	<b>12.9</b>						
Net Debt as of 30/06/2023	0.4						
IPO Proceeds	1.6						
<b>Equity Value</b>	<b>14.8</b>						

<b>DCF - Implied multiples</b>	2021	2022	2023E	2024E	2025E	2026E
EV/Revenues	7.0x	5.4x	3.2x	2.7x	1.6x	1.1x
EV/EBITDA	nm	nm	20.3x	14.9x	7.8x	4.5x
EV/EBIT	neg	neg	45.7x	49.0x	13.3x	6.0x
P/E	neg	neg	106.2x	203.7x	25.4x	10.3x
<b>Discount of current market price vs DCF</b>	<b>-32%</b>					
<b>Current market price - Implied multiples</b>	2021	2022	2023E	2024E	2025E	2026E
EV/Revenues	4.8x	3.7x	2.2x	1.8x	1.1x	0.7x
EV/EBITDA	nm	nm	13.8x	10.1x	5.3x	3.0x
EV/EBIT	neg	neg	31.1x	33.4x	9.0x	4.1x
P/E	neg	neg	76.8x	147.2x	18.4x	7.4x

Source: EnVent Research

### Market multiples

Company	EV/Revenues			EV/EBITDA			EV/EBIT			P/E		
	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
Boeing	2.3x	1.9x	1.6x	nm	nm	nm	neg	nm	nm	neg	neg	nm
Airbus	1.4x	1.4x	1.3x	10.9x	10.7x	9.1x	15.9x	15.3x	12.5x	20.6x	21.6x	17.8x
Embraer	0.7x	0.8x	0.7x	nm	7.5x	6.2x	neg	11.6x	9.2x	neg	17.0x	10.3x
Textron	1.3x	1.2x	1.2x	11.1x	10.3x	9.6x	15.1x	13.9x	12.8x	17.2x	14.2x	13.3x
Dassault Aviation	0.5x	1.2x	1.1x	5.1x	10.8x	9.3x	6.3x	15.5x	12.5x	18.4x	16.4x	14.5x
Bombardier	1.3x	1.0x	0.9x	14.4x	6.6x	5.7x	18.6x	10.1x	8.6x	neg	7.2x	6.7x
<b>Mean</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.1x</b>	<b>10.4x</b>	<b>9.2x</b>	<b>8.0x</b>	<b>14.0x</b>	<b>13.3x</b>	<b>11.1x</b>	<b>18.7x</b>	<b>15.3x</b>	<b>12.5x</b>
<b>Mean w/out extremes</b>	<b>1.2x</b>	<b>1.2x</b>	<b>1.1x</b>	<b>11.0x</b>	<b>9.5x</b>	<b>8.2x</b>	<b>15.5x</b>	<b>13.6x</b>	<b>11.4x</b>	<b>18.4x</b>	<b>15.9x</b>	<b>12.7x</b>
<b>Median</b>	<b>1.3x</b>	<b>1.2x</b>	<b>1.2x</b>	<b>11.0x</b>	<b>10.3x</b>	<b>9.1x</b>	<b>15.5x</b>	<b>13.9x</b>	<b>12.5x</b>	<b>18.4x</b>	<b>16.4x</b>	<b>13.3x</b>

Source: EnVent Research on S&P Capital IQ, 20/10/2023

## Target Price

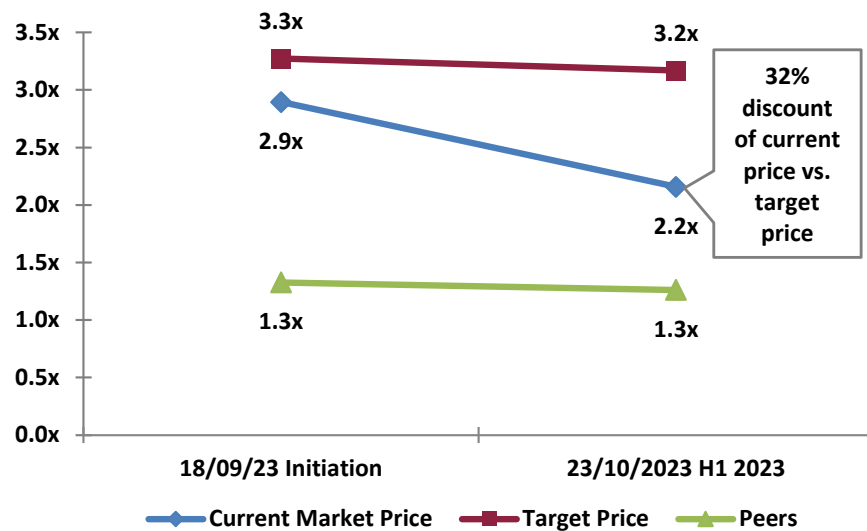
Our estimates and DCF-based valuation confirm the previous target price of €6.25 per share, implying a 39% upside on current stock price, and OUTPERFORM rating on the stock.

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Porto Aviation Price per Share	€
<b>Target Price</b>	<b>6.25</b>
Current Share Price (20/09/2023)	4.50
<b>Premium (Discount)</b>	<b>39%</b>

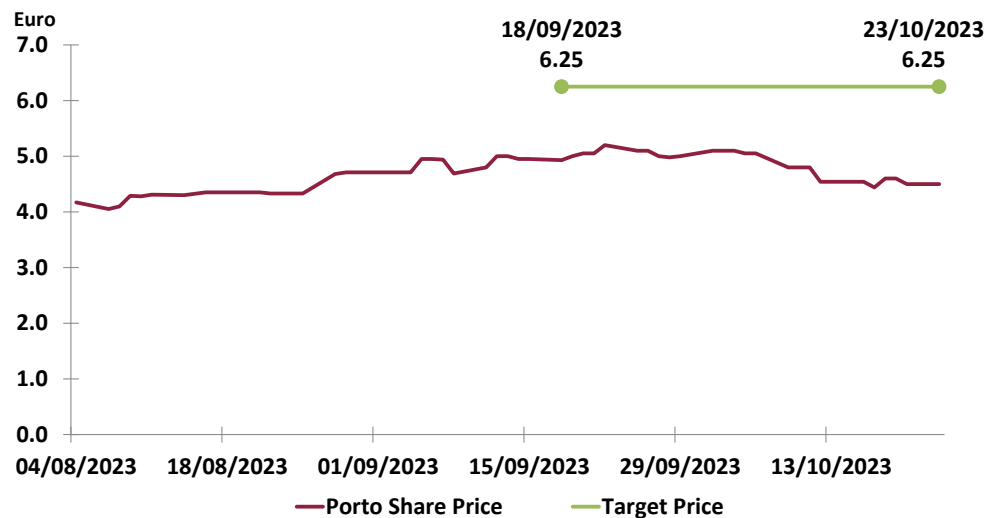
Source: EnVent Research

### Implied EV/Sales vs current market price



Source: EnVent Research on S&P Capital IQ, 23/10/2023

### Porto Aviation Share Price vs EnVent Target Price



Source: EnVent Research on S&P Capital IQ, 23/10/2023

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Date and time of Production: 20/10/2023 h. 7.00pm

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## DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
18/09/2023	OUTPERFORM	6.25	4.95
23/10/2023	OUTPERFORM	6.25	4.50

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