



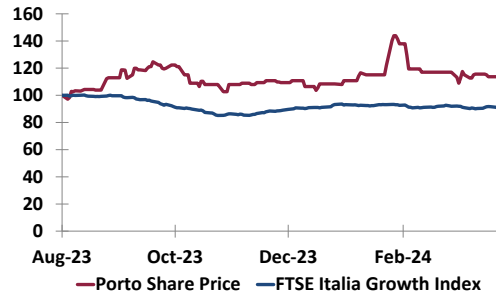
PORTO AVIATION GROUP

## OUTPERFORM

Current Share Price (€): 4.74

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 (€)	4.74
Date of Price	27/03/2024
Shares Outstanding (m)	2.4
Market Cap (€m)	11.3
Market Float (%)	15.2%
Daily Volume	0
Avg Daily Volume since IPO	1,231
Target Price (€)	6.25
Upside (%)	32%
Recommendation	OUTPERFORM

### Share price performance

	1M	3M	IPO
Porto - Absolute (%)	-3%	5%	12%
FTSE Italia Growth Index (%)	-2%	-2%	-9%
IPO Range H/L (€)		6.00	4.05
IPO Change (€) / %		0.49	12%

Source: S&P Capital IQ

### Analysts

Luigi Tardella - Head of Research  
ltardella@envent.it  
Mauro Durante mdurante@envent.it

### EnVent Italia SIM S.p.A.

Via degli Omenoni, 2 - 20121 Milano (Italy)  
Phone +39 02 22175979

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## Rising demand confirms growth expectations

### Trading update: beating the market

Despite a slight decline in the first day after the IPO, Porto share price has consistently overperformed the market since the IPO: stock price increased by 12%, while the FTSE Italia Growth index in the same period lost 9%.

### FY23: 20% sales growth, resources to support R&D

Porto FY23 total revenues were €3.8m, +57% YoY, from €2.4m in FY22: €2.9m sales (+20% YoY, vs our previous estimate of €3.1m) from 11 aircrafts delivered (vs 9 in 2022) and €550k grant for the EASA 4-seat model development from government funds. Profitability improved, with €0.6m EBITDA, 16% margin from breakeven last year; raw material cost increase was offset by an average €30k list price rise, while operating costs were in line with sales growth, with an increase in services (now affected by listing fees) and personnel cost. EBITDA if adjusted of grant would be at breakeven, in line with FY22. Period net income of €0.2m, vs €(0.4)m loss in FY22. Trade Working Capital dynamic in line with backlog and sales growth. According to management, capex for EASA 4-seat development were €0.7m; furthermore, a new propeller has been developed. Net cash position improved at €0.8m as of December 2023 from €0.4m as of June 2023, due to IPO proceeds and government financing for R&D.

### Healthy backlog, waiting for 4-seat model

Despite the uncertain current global economic framework, Porto reported a backlog of 14 aircrafts as of December 2023 and management 2024 sales target is 15 aircrafts, confirming the ongoing positive trend for light sport aircrafts and Porto products appeal. Flagship model Risen has been updated with a new powerful engine. According to management, 2024 focus are production efficiency and capacity improvement (mainly for carbon fiber fuselages factory in Serbia), opening a branch in USA and pushing EASA 4-seat development to realize a prototype until year end.

### Target price and OUTPERFORM rating confirmed

We recall that Porto is in the early stage of its investment cycle, thus notwithstanding revenues below our estimates we keep our sales estimates for next years with some fine tuning, factoring in current costs and working capital dynamics; we stress as essential further step the 4-seats development to accelerate the expected performance. On the assumption that the growth path would be overall accomplished, our updated valuation confirms the €6.25 target price per share, +32% on current share price, with OUTPERFORM rating.

### KEY FINANCIALS AND ESTIMATES

€m	2022	2023	2024E	2025E	2026E
<b>Revenues</b>	<b>2.4</b>	<b>3.8</b>	<b>4.8</b>	<b>7.2</b>	<b>11.2</b>
<b>EBITDA</b>	<b>0.0</b>	<b>0.6</b>	<b>0.8</b>	<b>1.6</b>	<b>2.7</b>
<i>Margin</i>	1.5%	16.0%	16.6%	21.9%	23.9%
<b>Net Income (Loss)</b>	<b>(0.4)</b>	<b>0.2</b>	<b>0.3</b>	<b>0.7</b>	<b>1.5</b>
<b>Net Debt (Cash)</b>	<b>(0.1)</b>	<b>(0.8)</b>	<b>(0.7)</b>	<b>(0.7)</b>	<b>(1.3)</b>
<b>Equity</b>	<b>1.4</b>	<b>3.1</b>	<b>3.4</b>	<b>4.2</b>	<b>5.6</b>

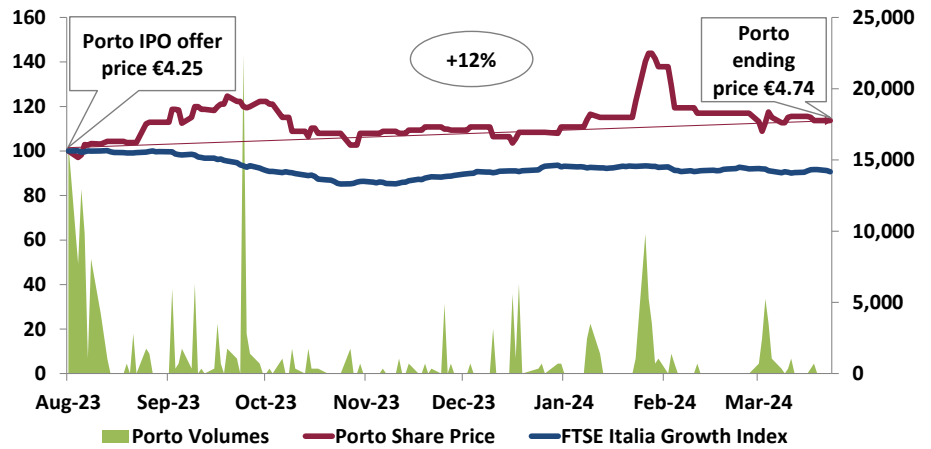
Source: Company data 2022-23A, EnVent Research 2024-26E

## Market update

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

Trading price range €4.05-6.00 per share

+12% for Porto since IPO, vs -9% of the Italia Growth Index



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

## Investment case

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

Wide geographical coverage

Strategy

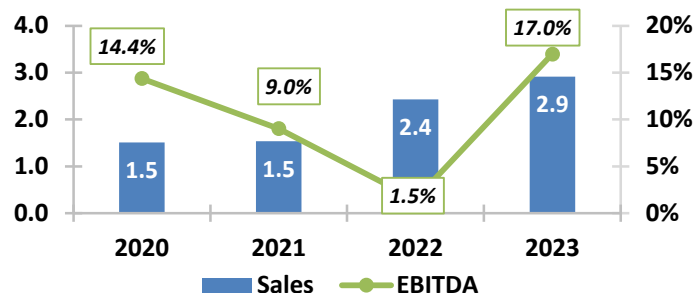
Porto Aviation Group SpA (Porto) is an Italian producer of lightweight aircrafts designed and engineered from scratch in-house. An ultralight is a small aircraft easy to fly that meets certain regulations set by national aviation authorities, restricting weight and performance; Porto also produces propellers, engineered in-house. Currently, Porto has two manufacturing facilities, in Italy and Serbia.

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:

- 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 improve sales and post sales experience quality

### Historical Sales and EBITDA



Source: Company data

## 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 commuting 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. HNWIs 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.

## Risk profile

Competitive forces		Materiality of risk map	
Force	Factors		
<b>Competitive rivalry</b>	<ul style="list-style-type: none"> <li>Fragmented market, multiple products available, no clear leader</li> </ul>		Higher risk
<b>Substitutes</b>	<ul style="list-style-type: none"> <li>Switch to electric will not happen in the short-term</li> <li>For specific use UAVs could be a better fit</li> </ul>		
<b>Customers</b>	<ul style="list-style-type: none"> <li>No concentration</li> <li>Pure pleasure purchase</li> </ul>	Lower impact	
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Few players, no technological complexity, plenty of alternatives</li> <li>Certain components developed in-house</li> </ul>		Higher impact
<b>New entrants</b>	<ul style="list-style-type: none"> <li>High investment required in R&amp;D, engineering experiences and manufacturing facilities</li> </ul>		

The materiality of risk map is a 2x2 grid with 'Lower impact' on the left and 'Higher impact' on the right. The vertical axis represents risk, with 'Higher risk' at the top and 'Lower risk' at the bottom. Bubbles are placed as follows: 'Competitive rivalry' (yellow, top-left), 'Substitutes' (yellow, top-right), 'Suppliers' (green, middle-right), 'Customers' (green, bottom-left), and 'New entrants' (green, bottom-center). The overall risk profile is labeled as 'MEDIUM-LOW'.

Source: EnVent Research

## Industry outlook: cautious optimism

Consulting firm McKinsey report shows that 2023 was a mixed year for the Future Air Mobility (FAM): disclosed investment at \$4.5b, -9% YoY, funding 151 deals, doubling 2022 number, with investors interest shifting from sustainable aviation (which includes alternative powertrains and highly efficient aircraft) and eVTOL to drones. Aircraft orders number was 4,800 (\$22b estimated value) from 7,100 orders (\$46b) in 2022. FAM momentum could follow in 2024, but investment slowdown reveals uncertainty in critical areas such as technological advancement pace, public acceptance, infrastructure expansion, regulatory requirements and certification approval and ramp up of manufacturing capacity economic feasibility. Despite ground for optimism, the industry will face challenges: order cancellations are expected, and funding requirements are likely to increase in 2024, leading some companies out of business. FAM industry will mature around a few winners with proven technology and sustainable business models (Source: McKinsey, *Future Air Mobility Blog*, 2024).

Notwithstanding FAM industry dynamics, LSAs are also a luxury item, close to private jets: according to consulting firm Bain, market growth persists in this industry, propelled by increasing interest for custom-made interior designs, shared-ownership models and sustainable aviation fuels (source: Bain & Company, *Long live luxury: converge to expand through turbulence*, 2024).

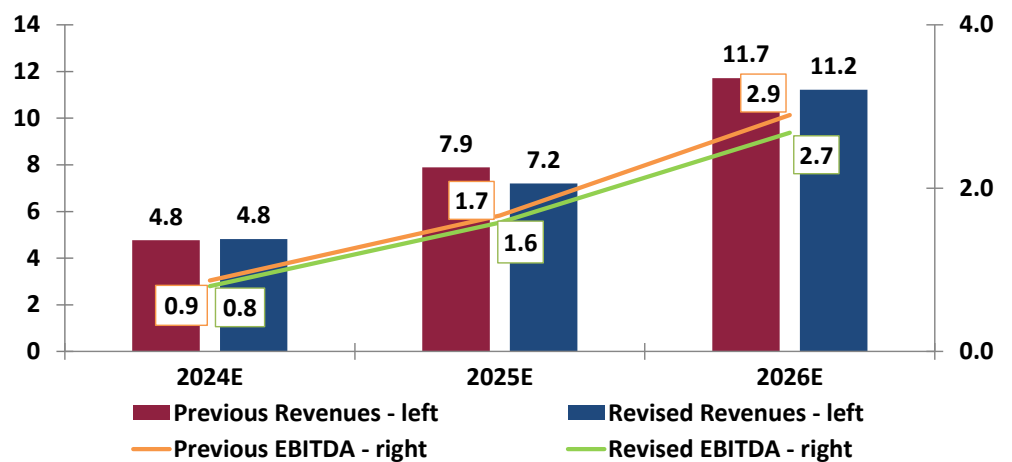
Focusing on LSA, according to Market Research, the global market is expected to reach \$1.4b by 2028, 8.5% 2022-28 CAGR (source: Market Research, *Global Light Sport Aircraft (LSA) Market Research Report*, 2023), fueled by low-altitude navigation opening and by convergence in regulatory policies and standards.

## Estimates revision

Based on FY23 results and current backlog, we keep our sales estimates and fine-tuned operating costs. On the BS, we have factor in current working capital and capex dynamics.

### Change in estimates

**Previous vs Revised Revenues and EBITDA estimates (€m)**



Source: EnVent Research

€m	Revised			Previous			Change %		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
<b>Sales</b>	4.1	6.1	9.3	4.1	6.1	9.3	0%	0%	0%
<b>Revenues</b>	4.8	7.2	11.2	4.8	7.9	11.7	1%	-9%	-4%
<b>EBITDA</b>	0.8	1.6	2.7	0.9	1.7	2.9	-8%	-5%	-8%
<i>Margin</i>	17%	22%	24%	18%	21%	25%			
<b>EBIT</b>	0.4	1.1	2.0	0.3	1.0	2.2	68%	8%	-6%
<i>Margin</i>	9%	15%	18%	3%	4%	4%			
<b>Net Income (Loss)</b>	0.3	0.7	1.5	0.1	0.6	1.4	313%	27%	0%
<b>Net Debt (Cash)</b>	(0.7)	(0.7)	(1.3)	0.4	0.8	0.2			
<i>Net Debt / EBITDA</i>	cash	cash	cash	0.4x	0.5x	0.1x			

Source: EnVent Research

## Financial projections

<b>Profit and Loss</b>					
€m	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Sales	2.4	2.9	4.1	6.1	9.3
Change in inventory	(0.2)	0.1	0.7	1.1	1.9
Other income	0.1	0.7	0.0	0.0	0.0
<b>Total Revenues</b>	<b>2.4</b>	<b>3.8</b>	<b>4.8</b>	<b>7.2</b>	<b>11.2</b>
YoY %	29.9%	56.6%	28.2%	49.5%	55.7%
Materials	(1.2)	(1.2)	(1.9)	(2.6)	(3.9)
Services	(0.4)	(0.8)	(0.8)	(1.1)	(1.7)
Personnel	(0.7)	(0.9)	(1.2)	(1.8)	(2.7)
Other operating costs	(0.0)	(0.2)	(0.1)	(0.2)	(0.3)
<b>Operating charges</b>	<b>(2.4)</b>	<b>(3.2)</b>	<b>(4.0)</b>	<b>(5.6)</b>	<b>(8.5)</b>
<b>EBITDA</b>	<b>0.0</b>	<b>0.6</b>	<b>0.8</b>	<b>1.6</b>	<b>2.7</b>
Margin	1.5%	16.0%	16.6%	21.9%	23.9%
D&A	(0.7)	(0.3)	(0.4)	(0.5)	(0.6)
<b>EBIT</b>	<b>(0.6)</b>	<b>0.3</b>	<b>0.4</b>	<b>1.1</b>	<b>2.0</b>
Margin	-26.6%	8.9%	9.2%	14.6%	18.2%
Interest	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>EBT</b>	<b>(0.6)</b>	<b>0.3</b>	<b>0.4</b>	<b>1.0</b>	<b>2.0</b>
Margin	-26.9%	8.8%	8.7%	14.3%	18.0%
Income taxes	0.2	(0.1)	(0.1)	(0.3)	(0.6)
<b>Net Income (Loss)</b>	<b>(0.4)</b>	<b>0.2</b>	<b>0.3</b>	<b>0.7</b>	<b>1.5</b>
Margin	-18.6%	5.6%	6.2%	10.3%	13.0%

Source: Company data 2022-23A, EnVent Research 2024-26E

Note: Fully-owned captive subsidiary Aerotec Composites consolidated from 2023.

<b>Balance Sheet</b>					
€m	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Inventory	1.4	1.6	2.4	3.5	5.4
Trade receivables	0.1	0.3	0.3	0.6	0.9
Advances from customers	(1.3)	(0.7)	(2.0)	(2.8)	(4.1)
Trade payables	(0.3)	(0.3)	(0.4)	(0.5)	(0.8)
Trade Working Capital	(0.1)	0.9	0.4	0.8	1.4
Other assets (liabilities)	0.3	0.2	0.5	0.7	1.1
<b>Net Working Capital</b>	<b>0.3</b>	<b>1.1</b>	<b>0.8</b>	<b>1.5</b>	<b>2.5</b>
Intangible assets	0.5	0.8	1.3	1.3	1.1
Property, plant and equipment	0.6	0.6	0.8	1.0	1.2
Equity investments and financial assets	0.1	0.0	0.0	0.0	0.0
<b>Non-current assets</b>	<b>1.3</b>	<b>1.4</b>	<b>2.2</b>	<b>2.3</b>	<b>2.3</b>
<b>Provisions</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>(0.6)</b>
<b>Net Invested Capital</b>	<b>1.3</b>	<b>2.4</b>	<b>2.7</b>	<b>3.5</b>	<b>4.3</b>
<b>Net Debt (Cash)</b>	<b>(0.1)</b>	<b>(0.8)</b>	<b>(0.7)</b>	<b>(0.7)</b>	<b>(1.3)</b>
<b>Equity</b>	<b>1.4</b>	<b>3.1</b>	<b>3.4</b>	<b>4.2</b>	<b>5.6</b>
<b>Sources</b>	<b>1.3</b>	<b>2.4</b>	<b>2.7</b>	<b>3.5</b>	<b>4.3</b>

Source: Company data 2022-23A, EnVent Research 2024-26E

Note: Fully-owned captive subsidiary Aerotec Composites consolidated from 2023.

### Cash Flow

€m	2022	2023	2024E	2025E	2026E
<b>EBIT</b>	<b>(0.6)</b>	<b>0.3</b>	<b>0.4</b>	<b>1.1</b>	<b>2.0</b>
Current taxes	0.2	(0.1)	(0.1)	(0.3)	(0.6)
D&A	0.7	0.3	0.4	0.5	0.6
Provisions	0.0	(0.0)	0.1	0.1	0.2
<b>Cash flow from P&amp;L operations</b>	<b>0.3</b>	<b>0.5</b>	<b>0.7</b>	<b>1.4</b>	<b>2.3</b>
Trade Working Capital	0.9	(1.0)	0.5	(0.4)	(0.6)
Other assets and liabilities	(0.3)	0.1	(0.2)	(0.2)	(0.4)
Capex	(0.7)	(0.1)	(1.1)	(0.7)	(0.6)
<b>Operating cash flow after WC and capex</b>	<b>0.2</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.7</b>
Interest	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Equity investments and financial assets	(0.1)	0.1	0.0	0.0	0.0
IPO proceeds	0.0	1.6	0.0	0.0	0.0
Capex - IPO cost	0.0	(0.5)	0.0	0.0	0.0
<b>Net cash flow</b>	<b>0.0</b>	<b>0.7</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.7</b>
Net Cash (Debt) - Beginning	0.1	0.1	0.8	0.7	0.7
Net Cash (Debt) - End	0.1	0.8	0.7	0.7	1.3
<b>Change in Net Cash (Debt)</b>	<b>0.0</b>	<b>0.7</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.7</b>

Source: Company data 2022-23A, EnVent Research 2024-26E

### Ratio analysis

KPIs	2022	2023	2024E	2025E	2026E
ROE	neg	7%	9%	18%	26%
ROS (EBIT/Sales)	neg	11%	11%	17%	22%
ROIC (NOPAT/Invested Capital)	neg	10%	12%	22%	34%
DOI	226	199	210	210	210
DSO	14	25	25	30	30
DPO	53	38	40	40	40
TWC/Sales	neg	31%	9%	13%	15%
Net Debt / EBITDA	cash	cash	cash	cash	cash
Net Debt / Equity	cash	cash	cash	cash	cash
Net Debt / (Net Debt+Equity)	cash	cash	cash	cash	cash
Cash flow from P&L operations / EBITDA	nm	76%	93%	89%	86%
FCF / EBITDA	nm	neg	neg	2%	25%
Basic EPS (€)	nm	0.09	0.13	0.31	0.61

Source: Company data 2022-23A, EnVent Research 2024-26E

## Valuation

Porto Aviation valuation has been performed through the Discounted Cash Flows method applied to our 2024-26E financial projections. Available market multiples come from cases and business models excessively different (i.e. large companies producing commercial aircrafts) and thus hardly comparable; as such, we deem those multiples unreliable for valuation purpose for the excess of subjectivity that would have been involved.



## Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.4% (Italian 10-year government bonds interest rate – last 30 days average. Source: Bloomberg, March 2024)
- Market return: 9.4% (last 30 days average. Source: Bloomberg, March 2024)
- Market risk premium: 9.4%
- Beta: 1 (judgmental)
- Cost of equity: 12.8%
- Cost of debt: 5.0%
- Tax rate: 24% (IRES)
- 30% debt/(debt + equity) as target capital structure
- WACC 10.1%, according to above data
- Perpetual growth rate after explicit projections (G): 3.0%
- Terminal Value assumes a 23% EBITDA margin

<b>DCF Valuation</b>						
€m	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>Perpetuity</b>
<b>Revenues</b>	<b>2.4</b>	<b>3.8</b>	<b>4.8</b>	<b>7.2</b>	<b>11.2</b>	<b>11.6</b>
<b>EBITDA</b>	<b>0.0</b>	<b>0.6</b>	<b>0.8</b>	<b>1.6</b>	<b>2.7</b>	<b>2.7</b>
<i>Margin</i>	1.5%	16.0%	16.6%	21.9%	23.9%	23.0%
<b>EBIT</b>	<b>(0.6)</b>	<b>0.3</b>	<b>0.4</b>	<b>1.1</b>	<b>2.0</b>	<b>2.1</b>
<i>Margin</i>	-26.6%	8.9%	9.2%	14.6%	18.2%	18.3%
Taxes	0.2	(0.1)	(0.1)	(0.3)	(0.6)	(0.6)
<b>NOPAT</b>	<b>(0.5)</b>	<b>0.2</b>	<b>0.3</b>	<b>0.8</b>	<b>1.5</b>	<b>1.5</b>
D&A	0.7	0.3	0.4	0.5	0.6	0.5
Provisions	0.0	(0.0)	0.1	0.1	0.2	0.0
<b>Cash flow from operations</b>	<b>0.3</b>	<b>0.5</b>	<b>0.7</b>	<b>1.4</b>	<b>2.3</b>	<b>2.1</b>
Trade Working Capital	0.9	(1.0)	0.5	(0.4)	(0.6)	(0.2)
Other assets and liabilities	(0.3)	0.1	(0.2)	(0.2)	(0.4)	0.0
Capex	(0.7)	(0.5)	(1.1)	(0.7)	(0.6)	(0.5)
<b>Unlevered free cash flow</b>	<b>0.1</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.7</b>	<b>1.3</b>
<b>Free Cash Flow to be discounted</b>			<b>(0.1)</b>	<b>0.0</b>	<b>0.7</b>	<b>1.3</b>
WACC	10.1%					
Long-term growth (G)	3.0%					
<b>Discounted Cash Flows</b>			<b>(0.1)</b>	<b>0.0</b>	<b>0.5</b>	
Sum of Discounted Cash Flows	0.5					
<b>Terminal Value</b>						<b>18.3</b>
Discounted TV	13.8					
<b>Enterprise Value</b>	<b>14.2</b>					
Net Debt as of 31/12/2023	0.8					
<b>Equity Value</b>	<b>15.0</b>					

Source: EnVent Research

<b>DCF - Implied multiples</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
EV/Revenues	5.9x	3.8x	2.9x	2.0x	1.3x
EV/EBITDA	nm	23.6x	17.8x	9.0x	5.3x
EV/EBIT	neg	42.5x	32.2x	13.5x	7.0x
P/E	neg	71.4x	49.8x	20.2x	10.3x
<b>Discount of current market price vs DCF</b>	<b>-30%</b>				
<b>Current market price - Implied multiples</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
EV/Revenues	4.2x	2.7x	2.1x	1.4x	0.9x
EV/EBITDA	nm	16.5x	12.4x	6.3x	3.7x
EV/EBIT	neg	29.8x	22.6x	9.5x	4.9x
P/E	neg	51.1x	35.7x	14.5x	7.4x

Source: EnVent Research

### Market multiples

Company	EV/Revenues			EV/EBITDA			EV/EBIT			P/E		
	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E
Boeing	2.0x	1.7x	1.5x	49.1x	27.1x	16.0x	119.9x	38.9x	19.9x	neg	94.0x	25.6x
Airbus	2.0x	1.8x	1.6x	21.3x	13.7x	11.4x	30.5x	18.7x	15.1x	35.7x	26.0x	20.7x
Embraer	1.1x	0.9x	0.8x	14.8x	8.5x	7.4x	20.5x	13.0x	10.5x	31.0x	20.0x	15.0x
Textron	1.5x	1.4x	1.3x	12.6x	11.5x	10.5x	16.5x	14.9x	13.7x	20.5x	15.4x	14.6x
Dassault Aviation	1.8x	1.5x	1.2x	19.3x	13.9x	10.3x	27.2x	17.5x	13.0x	23.5x	16.7x	13.8x
Bombardier	1.1x	1.0x	0.9x	9.4x	6.4x	5.5x	11.1x	9.7x	8.0x	9.6x	9.8x	6.7x
<b>Mean</b>	<b>1.6x</b>	<b>1.4x</b>	<b>1.2x</b>	<b>21.1x</b>	<b>13.5x</b>	<b>10.2x</b>	<b>37.6x</b>	<b>18.8x</b>	<b>13.4x</b>	<b>24.0x</b>	<b>30.3x</b>	<b>16.1x</b>
<b>Mean w/out extremes</b>	<b>1.6x</b>	<b>1.4x</b>	<b>1.3x</b>	<b>17.0x</b>	<b>11.9x</b>	<b>9.9x</b>	<b>23.7x</b>	<b>16.0x</b>	<b>13.1x</b>	<b>25.0x</b>	<b>19.5x</b>	<b>16.0x</b>
<b>Median</b>	<b>1.7x</b>	<b>1.5x</b>	<b>1.3x</b>	<b>17.0x</b>	<b>12.6x</b>	<b>10.4x</b>	<b>23.9x</b>	<b>16.2x</b>	<b>13.3x</b>	<b>23.5x</b>	<b>18.4x</b>	<b>14.8x</b>

Source: EnVent Research on S&P Capital IQ, 27/03/2024

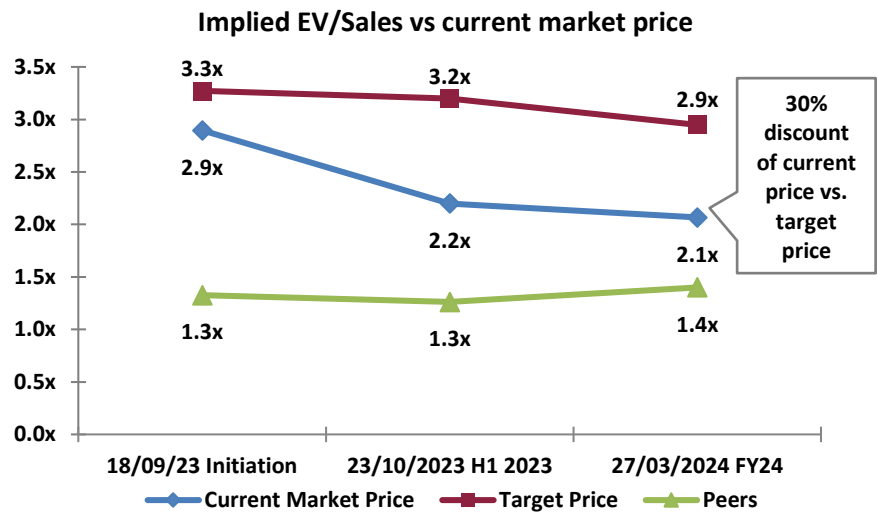
## Target Price

Our updated estimates and DCF valuation confirm the previous €6.25 target price, implying a 32% upside on current stock price, and OUTPERFORM rating on the stock.

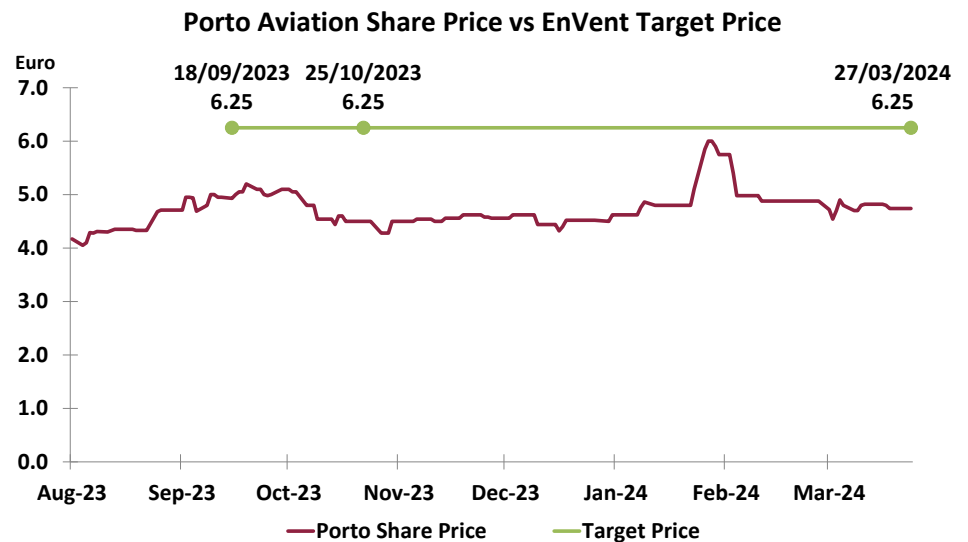
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Porto Aviation Price per Share	€
<b>Target Price</b>	<b>6.25</b>
Current Share Price (27/03/2024)	4.74
<b>Premium (Discount)</b>	<b>32%</b>

Source: EnVent Research



Source: EnVent Research on S&P Capital IQ, 27/03/2024



Source: EnVent Research on S&P Capital IQ, 27/03/2024

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NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

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Date and time of Production: 27/03/2024 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
27/03/2024	OUTPERFORM	6.25	4.74

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