

TSS, Inc. (TSSI:NASDAQ)

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Nicholas Cortellucci, CFA | Equity Research Analyst | ncortellucci@atriumresearch.ca | 647-391-3314

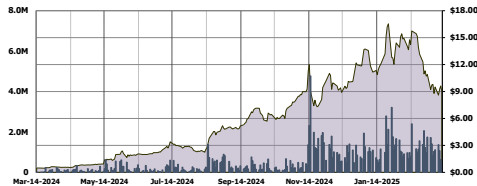
All figures in USD unless otherwise stated

TSS, Inc.	TSSI:NASDAQ
Share Price	\$9.65
Average Daily Volume (K)	1175.5
Shares Outstanding (M)	24.3
Market Cap (\$M)	\$234.5
Cash (\$M)	\$46.4
Debt (\$M)	\$3.9
Enterprise Value (\$M)	\$192.0

FYE Dec 31	2022A	2023A	LTM
Sales (\$M)	\$30.6	\$54.4	\$122.5
Sales Growth (YoY %)	12%	78%	199%
Gross Margin (%)	29%	20%	15%
EBITDA (\$M)	\$1.3	\$2.1	\$6.9
EBITDA Margin (%)	4%	4%	6%
Net Income (\$M)	(\$0.1)	\$0.1	\$4.4

Valuation	2022A	2023A	LTM
EV/EBITDA	N/A	N/A	27.8x
P/E	N/A	N/A	53.3x
EV/Sales	6.3x	3.5x	1.6x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



TSS aims to streamline the integration and deployment of high-performance computing infrastructure and software, ensuring that end users quickly receive and efficiently utilize the necessary technology. Known for flexibility, the Company builds, integrates, and deploys custom, high-volume solutions that empower data centers and catalyze the digital transformation of generative AI and other leading-edge technologies essential for modern computing, data, and business needs.

What you need to know:

- TSSI provides a range of services for the data centre industry including design, engineering, project management, and maintenance.
- Given the tailwinds in AI and cloud computing, TSS has seen major growth, with 199% topline growth over the LTM.
- The Company services a group of blue-chip clients that will have increasing AI infrastructure spending over the coming years.
- TSSI has \$46.4M in cash and only \$3.9M in debt, allowing the Company to focus on growing the topline and increasing margins.
- Watch clips of the interview [here](#).

Company Overview

TSS, Inc. is a U.S.-based provider of specialized solutions for mission-critical facilities, with a primary focus on the data centre industry. The Company offers a comprehensive range of services, including design, engineering, project management, and maintenance for high-performance data centres. TSS specializes in power and cooling infrastructure, ensuring reliability and efficiency for its clients, which include Fortune 500 companies, government agencies, and cloud service providers. With expertise in critical facility management, TSS helps organizations optimize their infrastructure while reducing downtime and operational risks.

Beyond its core data centre services, TSS provides modular solutions, energy efficiency consulting, and custom equipment integration to meet evolving industry demands. The Company's end-to-end approach allows clients to streamline their infrastructure needs, from initial planning to ongoing maintenance and upgrades. As data consumption continues to grow, TSS is well-positioned to support the increasing demand for secure, scalable, and energy-efficient data center solutions.

Investment Thesis

Advancements in AI & Cloud are Driving Growth. TSSI has seen major growth over the last year given the increasing adoption of AI and cloud computing, posting 78% revenue growth in 2023 and 199% over the LTM. These trends are expected to accelerate into the future, providing tailwinds for further growth.

Marquee Customers. TSSI serves a group of blue-chip customers including Dell, Microsoft, Bank of America, and Walmart. Therefore, as these firms increase their AI infrastructure capex, TSSI will benefit.

Clean Balance Sheet. TSS Inc. has a stellar balance sheet with \$46.4M in cash and \$3.9M debt, allowing the Company to focus on growing the topline.

Management. TSSI is led by CEO & Director Darryll Dewan who has held the position since 2022. Prior to TSS, he served as VP of Global Sales & Field Marketing at Dell Technologies (Dell Endpoint Data Security).

Valuation. Given the major trends behind its business model and its rapid growth, TSSI trades at 27.8x LTM EBITDA and 1.6x LTM sales. The valuation metrics would look much cheaper on future estimates (no analyst coverage).

Conference Takeaways

- Highly skilled and experienced management team currently looking to grow the Company without compromising on the quality of its employees.
- Looking to continue growing the business both organically and inorganically, focusing on finding the right acquisition.