

## STAR7

Sector: Business Services

### 2021 results in line. 2022 guidance confirmed

*STAR7 unveiled a good set of FY21 results, with revenues slightly above our estimates and EBITDA broadly in line. FY 2022 EBITDA guidance has been confirmed. STAR7 provides multi-lingual services through the entire product information cycle with the support of proprietary technologies. The group offers indirect exposure to product innovation of top global brands (Apple and Ferrari at 36% of 2020PF sales) and emerging trends in different sectors. We confirm our BUY rating on the name with TP of Eu12.6/share based on the average of 2022E-23E EV/EBITDA of peers (70% weight) and DCF (30%). We highlight that the presence of the PAS gives investors confidence on the achievement of 2022E guidance (our 2022E EBITDA is slightly above the key ceiling of Eu15mn) or protection in case of business underperformance*

- FY21 top-line grew double-digit and above our estimates, profitability in line.** FY21 net sales grew by 36% yoy (+31% organic), reaching Eu59mn. The figure was 7% better than our estimate, and 15% above 2019 (10% organically). Pro-forma net sales (including the acquisition of The Geo Group and LocalEyes in the entire 2021), stood at Eu72.9mn (+18% yoy vs FY20PF). Looking at the divisions, Printing reached 10.2mn of PF sales (+83% yoy), followed by Engineering, Product Knowledge and Experience with Eu29.2mn (+24% yoy) and Global content with Eu33.5mn or +2% compared to FY20PF. FY21 Adj. EBITDA came in at Eu8.7mn, broadly in line with our expectation of Eu9mn, resulting in a margin of 14.8% from 9.9% in 2020. Margin expansion was linked to cost efficiencies, also related to the outsourcing of some engineering services in Albania. Pro-forma EBITDA was Eu13.2mn, up 44% compared to 2020PF figure of Eu9.2mn. FY21 Adj. EBIT at Eu5.1mn (+8% yoy) was below our estimate, while Adj. net profit stood at Eu3.3mn (in line). Net debt came in at Eu31.9mn (including Eu5mn vendor loan), up by Eu16mn from 2020, mostly due to cash out from M&A, partially offset by IPO proceeds.
- FY22 guidance confirmed. Good start to 2022 with contract renewals and sector diversification.** STAR7 confirmed the guidance for FY22E of Eu15mn EBITDA. Management highlighted the positive start of 2022, thanks to the strengthening of the business with full-services contract renewals from a strategic Luxury client (high-end of automotive business) and service diversification to new end markets. We welcome long-terms contracts renewals, as it increases visibility and validates the company's one-stop-shop approach (Integrale7). On top of that, the business development efforts allowed STAR7 to enter in the Tourism segment through a supply agreement for translation services with one of Italy's main tourism operators (Costa), enabling further opportunities in an unexplored market. Recent changes in the geopolitical landscape might impact some product lunches of the Group's clients, which should partially be mitigated by the diversified exposure of STAR7 to different areas and end-markets.
- We confirm our Sales / EBITDA estimates.** We maintain our top line and EBITDA estimates broadly unchanged, in light of the solid performance in 2021 with revenues overcoming the pre-covid level, and an improved profitability. We assume a different modulation of D&A (more front-end loaded), but 2024 estimate remains unchanged. The recent acquisition of LocalEyes is expected to generate additional cross-selling opportunities. Our estimates point to 15.6% top line FY21-24E CAGR with EBITDA margin of 19.5% and 19.9% for 2022-23E.
- BUY rating confirmed with TP of Eu12.6/share.** We confirm our BUY rating with TP of Eu12.6/share, based on the average of 2022E-23E EV/EBITDA of peers (70% weight) and DCF (30%). The group trades at 17% discount versus peers on 2022 EV/EBITDA and our DCF delivers a valuation of Eu15.4/share. We highlight that the presence of the PAS gives investors high confidence on the achievement of 2022E numbers (our 2022E EBITDA is slightly above the key ceiling of Eu15mn) or protection in case of business underperformance. The integration of LocalEyes has been smooth so far the group could be ready for additional M&A deals.

## BUY

Unchanged

### TP 12.6

From 12.6

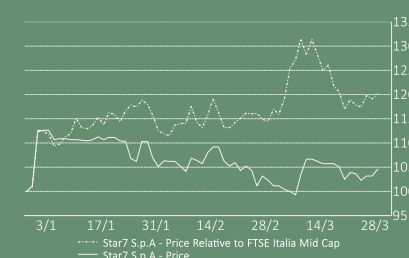
Target price upside 38%

Change in EPS est.	FY22E	FY23E
	-10.8%	-5.2%

Ticker (BBG, Reut)	STAR7 IM	STAR7 MI
Share price Ord. (Eu)		9.2
N. of Ord. shares (mn)		9.0
Total N. of shares (mn)		9.0
Market cap (Eu mn)		82
Total Market Cap (EU mn)		82
Free Float Ord. (%)		16.6%
Free Float Ord. (Eu mn)		14
Daily AVG liquidity Ord. (Eu k)		98

	1M	3M	12M
Absolute Perf.	2%	4.6%	na
Rel.to FTSEMidCap	5%	17.5%	na
52 weeks range		8.6	9.8

	FY21A	FY22E	FY23E
Sales	60	78	85
EBITDA adj.	8.7	15.2	17.0
Net profit adj.	3.3	7.1	8.8
EPS adj.	0.386	0.790	0.975
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.	13.5x	7.4x	6.0x
P/E adj.	24.7x	11.6x	9.4x
Dividend yield	0.0%	0.0%	0.0%
FCF yield	0.0%	11.2%	13.0%
Net debt/(Net cash)	31.9	22.7	11.9
Net debt/EBITDA	3.7x	1.5x	0.7x



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# ALANTRA

Italian Equity Research

## Summary Financials

P&L account (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total Revenues	44.6	60.0	78.0	85.4	92.8
First margin	na	na	na	na	na
EBITDA reported	4.3	8.3	15.2	17.0	18.9
D&A	(1.7)	(4.3)	(6.9)	(6.3)	(5.5)
EBIT reported	2.5	4.0	8.4	10.7	13.4
Net financial charges	(0.4)	(0.6)	(1.8)	(1.6)	(1.3)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	2.1	3.4	6.5	9.0	12.2
Taxes	(0.4)	(0.9)	(1.8)	(2.5)	(3.4)
Minorities	(0.2)	0.0	(0.4)	(0.5)	(0.7)
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	1.5	2.5	4.3	6.0	8.0
<b>EBITDA adjusted</b>	<b>4.3</b>	<b>8.7</b>	<b>15.2</b>	<b>17.0</b>	<b>18.9</b>
<b>EBIT adjusted</b>	<b>2.5</b>	<b>5.1</b>	<b>12.3</b>	<b>14.6</b>	<b>17.3</b>
<b>Net profit adjusted</b>	<b>1.5</b>	<b>3.3</b>	<b>7.1</b>	<b>8.8</b>	<b>10.8</b>

Margins (%)	FY20A	FY21A	FY22E	FY23E	FY24E
First margin	na	na	na	na	na
EBITDA margin	9.6%	13.8%	19.5%	19.9%	20.4%
EBITDA margin (adj)	9.6%	14.5%	19.5%	19.9%	20.4%
EBIT margin	5.6%	6.6%	10.7%	12.5%	14.5%
EBIT margin (adj)	5.6%	8.4%	15.7%	17.1%	18.7%
Pre-tax margin	4.7%	5.6%	8.4%	10.6%	13.1%
Net profit margin	3.4%	4.1%	5.5%	7.0%	8.7%
Net profit margin (adj)	3.4%	5.4%	9.1%	10.3%	11.7%

Growth rates (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Sales	-16.9%	34.6%	29.9%	9.5%	8.7%
EBITDA		93.0%	83.2%	11.7%	11.4%
EBITDA adjusted		102.3%	74.8%	11.7%	11.4%
EBIT		59.6%	109.3%	27.7%	25.7%
EBIT adjusted		102.5%	142.1%	18.9%	18.8%
Pre-tax		59.9%	94.3%	38.6%	34.6%
Net profit		64.7%	74.3%	38.6%	34.6%
Net profit adjusted		117.3%	118.3%	23.3%	23.5%

Per share data	FY20A	FY21A	FY22E	FY23E	FY24E
Shares	7.872	9.000	9.000	9.000	9.000
N. of shares AVG	6.810	8.436	9.000	9.000	9.000
N. of shares diluted AVG	6.810	8.436	9.000	9.000	9.000
<b>EPS</b>	<b>0.220</b>	<b>0.293</b>	<b>0.478</b>	<b>0.663</b>	<b>0.892</b>
<b>EPS adjusted</b>	<b>0.220</b>	<b>0.386</b>	<b>0.790</b>	<b>0.975</b>	<b>1.204</b>
<b>DPS - Ord.</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	1.511	2.913	3.209	3.872	4.764

Enterprise value (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Share price Ord. (Eu)	na	8.9	9.2	9.2	9.2
Market cap		80.3	82.4	82.4	82.4
Net debt/(Net cash)	16.3	31.9	22.7	11.9	(0.2)
Adjustments	0.0	5.3	7.0	8.1	9.4
Enterprise value		117.6	112.2	102.5	91.6

Source: Company data, Alantra estimates

Cash flow (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
EBITDA reported	4.3	8.3	15.2	17.0	18.9
Net financial charges	(0.4)	(0.6)	(1.8)	(1.6)	(1.3)
Cash taxes	0.0	(0.5)	(1.8)	(2.5)	(3.4)
Ch. in Working Capital	2.2	2.2	(1.6)	(1.6)	(1.7)
Other Op. items	(0.1)	0.4	1.3	0.5	0.5
<b>Operating cash flow</b>	<b>6.0</b>	<b>9.7</b>	<b>11.3</b>	<b>11.8</b>	<b>13.1</b>
Capex	(5.3)	(6.0)	(2.0)	(1.0)	(1.0)
<b>FCF</b>	<b>0.7</b>	<b>3.8</b>	<b>9.3</b>	<b>10.8</b>	<b>12.1</b>
Disposals/Acquisitions	0.0	(31.2)	0.0	0.0	0.0
Changes in Equity	0.0	11.8	0.0	0.0	0.0
Others	(0.2)	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
<b>Ch. in NFP</b>	<b>0.5</b>	<b>(15.6)</b>	<b>9.3</b>	<b>10.8</b>	<b>12.1</b>

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Capex/Sales</b>	<b>11.9%</b>	<b>9.9%</b>	<b>2.6%</b>	<b>1.2%</b>	<b>1.1%</b>
Capex/D&A	3.1x	1.4x	0.3x	0.2x	0.2x
FCF/EBITDA	16.3%	45.5%	60.8%	63.3%	64.2%
FCF/Net profit	46.7%	153.0%	214.8%	180.2%	151.3%
<b>Dividend pay-out</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

Balance sheet (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital	16.7	14.0	15.6	17.3	18.9
Fixed assets	14.2	47.8	42.9	37.6	33.1
Provisions & others	(3.6)	(4.4)	(5.7)	(6.3)	(6.8)
<b>Net capital employed</b>	<b>27.3</b>	<b>57.4</b>	<b>52.9</b>	<b>48.6</b>	<b>45.2</b>
<b>Net debt/(Net cash)</b>	<b>16.3</b>	<b>31.9</b>	<b>22.7</b>	<b>11.9</b>	<b>(0.2)</b>
Equity	10.3	24.6	28.9	34.8	42.9
Minority interests	0.7	0.9	1.3	1.9	2.6

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Working capital/Sales</b>	<b>37.4%</b>	<b>23.4%</b>	<b>20.1%</b>	<b>20.2%</b>	<b>20.4%</b>
<b>Net debt/Equity</b>	<b>158.5%</b>	<b>130.0%</b>	<b>78.6%</b>	<b>34.2%</b>	<b>nm</b>
<b>Net debt/EBITDA</b>	<b>3.8x</b>	<b>3.7x</b>	<b>1.5x</b>	<b>0.7x</b>	<b>nm</b>

Valuation	FY20A	FY21A	FY22E	FY23E	FY24E
<b>EV/CE</b>		<b>1.9x</b>	<b>1.9x</b>	<b>1.9x</b>	<b>1.8x</b>
P/BV		3.3x	2.9x	2.4x	1.9x
EV/Sales		2.0x	1.4x	1.2x	1.0x
EV/EBITDA		14.2x	7.4x	6.0x	4.8x
<b>EV/EBITDA adjusted</b>		<b>13.5x</b>	<b>7.4x</b>	<b>6.0x</b>	<b>4.8x</b>
EV/EBIT		29.5x	13.4x	9.6x	6.8x
<b>EV/EBIT adjusted</b>		<b>23.2x</b>	<b>9.2x</b>	<b>7.0x</b>	<b>5.3x</b>
P/E		32.5x	19.1x	13.8x	10.3x
<b>P/E adjusted</b>		<b>24.7x</b>	<b>11.6x</b>	<b>9.4x</b>	<b>7.6x</b>
ROCE pre-tax	8.2%	10.9%	20.4%	25.7%	32.4%
<b>ROE</b>	<b>14.6%</b>	<b>13.3%</b>	<b>24.6%</b>	<b>25.2%</b>	<b>25.3%</b>
EV/FCF		31.1x	12.1x	9.5x	7.5x
<b>FCF yield</b>		<b>4.7%</b>	<b>11.2%</b>	<b>13.0%</b>	<b>14.7%</b>
<b>Dividend yield</b>		<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

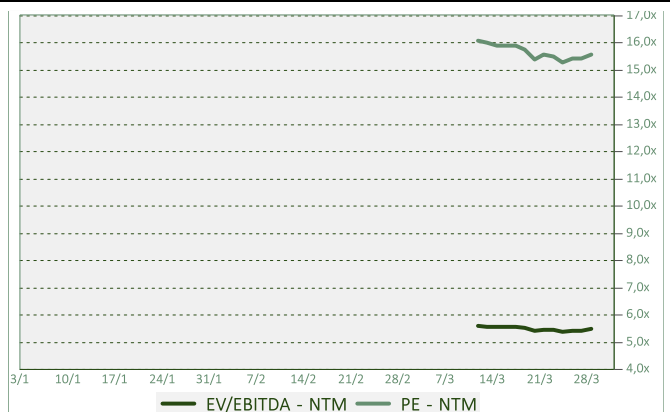
### Share price performance

The stock is down 8% YTD



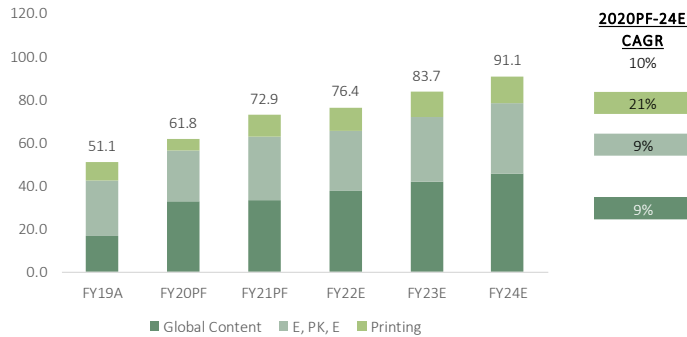
### Valuation

Short market history



### Sales trend and breakdown by division (FY19A-FY24E)

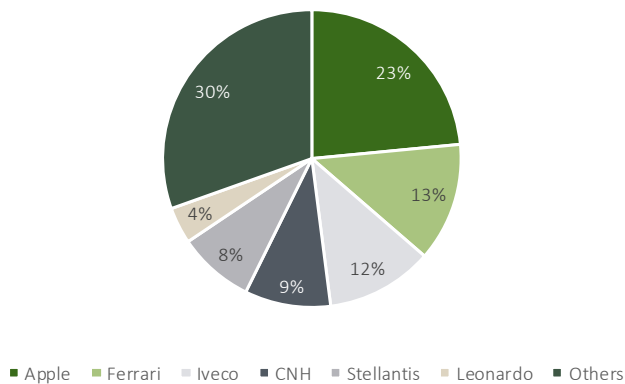
Global content is the most important division



Source: company data and Alantra estimates

### Revenue breakdown by client (FY20PF)

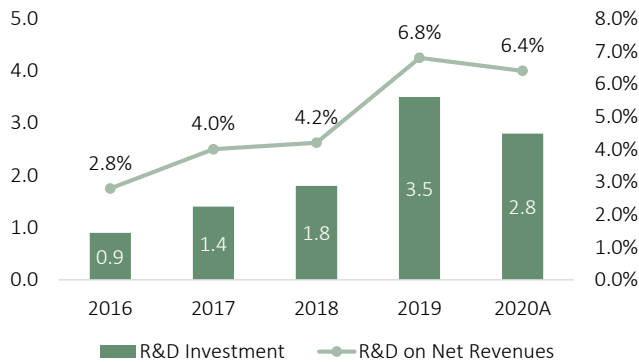
The main client (Apple) accounts for 23% of 2020PF sales (TOP5 clients at 66%)



Source: company data

### Historical R&D investments (FY16A-20A)

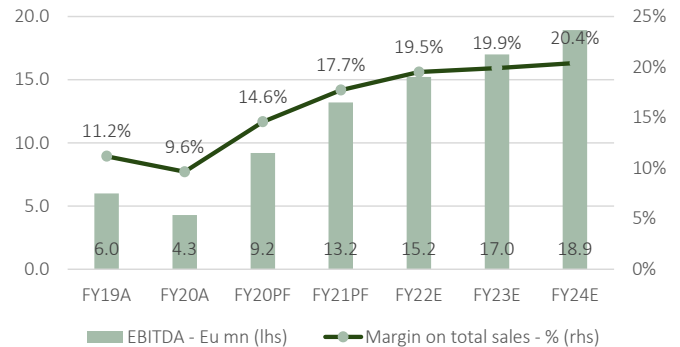
STAR7 invested in R&D c. 5% of net revenues on average in 2016-2020



Source: company data and Alantra estimates

### EBITDA evolution (FY19A-FY24E)

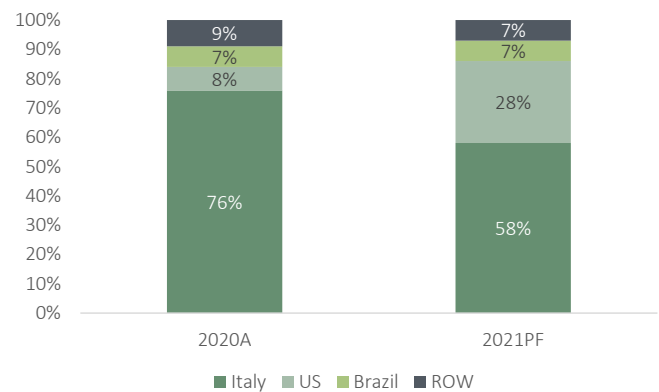
Walking through the 20% margin threshold in FY22-24E



Source: company data and Alantra estimates

### Revenues breakdown by geography (2020A-21PF)

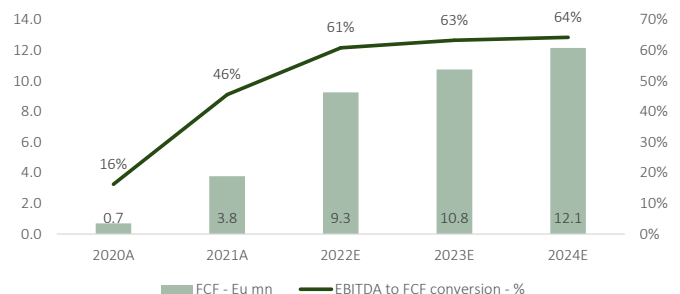
With the LocalEyes acquisition, Star7 increase its US presence to 28%



Source: company data

### FCF generation and conversion (FY20A-FY24E)

FCF conversion well above 60% in 2022-24E



Source: company data and Alantra estimates

## Profile

**Background** STAR7 creates and manages multilingual product content and information for business clients, covering the entire product cycle, thanks to the support of its proprietary technologies. Established in 2000, the group operates through 5 divisions. It was initially a pure language service provider (Global Content), which gradually expanded into Product Knowledge, Printing, Engineering and Experience. STAR7 serves over 900 clients included in 8 different sector clusters. The first client in terms of 2020PF revenues is Apple (23%), followed by the luxury automotive group Ferrari (13%). The portfolio includes other prestigious brands: ENI, Ferrero, Luxottica, Stellantis, Technogym just to mention few names. Clients are diversified in terms of sector and exposure to economic / product cycles. 83% of 2020PF sales come from multi-annual contracts and framework agreements. Churn rate is negligible.

**Positioning** The broad offer of product content and information services of STAR7, which covers the entire product cycle is a differentiated element in the competitive landscape. In each division, the group usually competes with product specialists. By contrast, STAR7's business model is not about being a specialist in doing something. It is mainly about satisfying customer's needs in an integrated way. The business model should trigger the exploitation of cross-selling opportunities.

The group has invested in R&D around 5% of sales over the last 5 years. This is a barrier to entry for potential newcomers, together with: Client loyalty (61% of top 20 clients active for more than 5 years); Legacy with customer's processes (high switching cost/risk for clients); Multiyear contracts and framework agreements (83% of 2020PF sales); Exposure to top clients (time and efforts to be included in their suppliers list). New organisation, recent acquisition of LocalEyes (which has added strong presence in the US and a top client) and coverage of the entire product cycle (Engineering and Experience have been recently introduced) pave the way to scale-up further the business model in the coming years. We expect that most of the top line growth should be driven by cross-selling and higher share of wallet of existing clients, with a relatively low risk profile. New clients should contribute by around 15% of our top line growth. STAR7 has a database of around 5k potential clients, which is >5x the current portfolio. Geographical expansion should help client acquisition.

**Growth** STAR7 has a long track record of top line growth, interrupted by the pandemic in 2020. The group delivered 2013-19 CAGR of 20% mainly organic (also tanks to the introduction of the Engineering and Experience division) and in Italy. The very recent acquisition of LocalEyes has been a transformational deal for STAR7. Apart the size of the target (Eu16mn 2020 sales and Eu3.9mn EBITDA), the deal has brought on board a top client (Apple), strengthened position of the group in Global Content (in the TOP40 global players based on 2020PF sales), expanded presence in US, added a new end-market (tech), created potential for cross-selling and optimize the cost structure.

**Strategy** The main growth drivers will be:

- **Higher share of wallet** on existing clients and new small clients in existing verticals
- **Geographical expansion** and consolidation in US
- **Product / Process innovation** with a particular focus on the development of Experience solutions
- **New sectors** with specific focus on Life Science, Gaming and Entertainment is a strategic target
- **Additional M&A** on the back of a strong historical track record on the subject

### Strengths

Integrated offer of the full range of product content and information services  
Portfolio of top clients (#1 client is Apple; #2 is Ferrari)  
Loyal and recurring client base

### Opportunities

Increase in cross selling  
International expansion  
Addition of new sector clusters

### Weaknesses

Relatively high concentration of the client portfolio  
High Working Capital requirements  
Business links with the main shareholders

### Threats

Exposure to product innovation cycles, often linked to macro cycles  
Disruptive technological changes in Global Content and Printing  
Experience could partially cannibalize other divisions

### Key shareholders

Dante S.r.l. 41.7%  
STAR A.G. 33.3%  
KAIROS Partners SGR S.P.A. 8.4%  
Float 16.6%

### Management

Lorenzo Mondo - Founder & CEO  
Paolo Castagno - CFO  
Matteo Gera - General Manager  
Piera Alasia - Chief Marketing Office

### Next events

General Meeting - 28/04/2022  
H1 2022 - 29/09/2022

## FY21 Results

### FY21 Results

FY21 revenues overcoming their pre-covid level and delivering an improved profitability.

Eu mn				Alantra				Alantra			
	2H20A	2H21A	YoY %	2H21E	A vs E	FY20A	FY21A	YoY %	FY21E	A vs E	
	24	31				44	59				
<b>Total Revenues</b>	<b>24.7</b>	<b>31.4</b>	<b>27%</b>	<b>27.3</b>	<b>15%</b>	<b>44.8</b>	<b>60.0</b>	<b>34%</b>	<b>55.9</b>	<b>7%</b>	
<i>YoY growth</i>	22.3%	27.1%		10.6%		81.4%	33.9%		24.8%		
<b>EBITDA Reported</b>	<b>2.8</b>	<b>4.0</b>	<b>43%</b>	<b>4.7</b>	<b>-15%</b>	<b>4.3</b>	<b>8.3</b>	<b>93%</b>	<b>9.0</b>	<b>-8%</b>	
<i>YoY growth</i>	86.7%	42.9%		116.3%		53.6%	93.0%		109.3%		
<i>Ebitda Margin %</i>	11.8%	12.9%		17.2%		9.9%	14.8%		16.1%		
<b>EBIT Reported</b>	<b>1.6</b>	<b>1.1</b>	<b>-32%</b>	<b>3.4</b>	<b>-68%</b>	<b>2.5</b>	<b>4.0</b>	<b>60%</b>	<b>6.3</b>	<b>-36%</b>	
<i>Ebit Margin %</i>	6.5%	3.5%		12.4%		5.6%	8.4%		11.2%		
<b>Pretax Profit</b>	<b>1.4</b>	<b>0.8</b>	<b>-46%</b>	<b>1.5</b>	<b>-49%</b>	<b>2.1</b>	<b>3.4</b>	<b>60%</b>	<b>4.1</b>	<b>-18%</b>	
<i>Ebit Margin %</i>	5.7%	2.4%		5.5%		4.7%	5.6%		7.3%		
<b>Taxes</b>	<b>(0.4)</b>	<b>(0.2)</b>		<b>(1.0)</b>		<b>(0.4)</b>	<b>(0.9)</b>		<b>(1.1)</b>		
<i>Tax rate %</i>	-28.6%	-24.7%		-68.3%		-19.0%	-26.4%		-28.0%		
<b>Restated Net Profit</b>	<b>1.5</b>	<b>1.5</b>	<b>-3%</b>	<b>1.5</b>	<b>-5%</b>	<b>1.5</b>	<b>3.3</b>	<b>117%</b>	<b>3.3</b>	<b>-2%</b>	
<i>Net Profit Margin %</i>	6.1%	2.1%		5.6%		3.4%	4.1%		6.0%		
<b>NFP end of the period</b>	<b>(16.3)</b>	<b>(31.9)</b>		<b>(33.6)</b>		<b>(16.3)</b>	<b>(31.9)</b>		<b>(33.6)</b>		

Source: Company data, Alantra estimates

## Estimates

### Change in estimates

*Estimates broadly unchanged after the good set of FY21 results*

#### Change in estimates

(Eu mn)	NEW Estimates				% Change				OLD Estimates			
	FY21A	FY22E	FY23E	FY24E	FY21A	FY22E	FY23E	FY24E	FY21A	FY22E	FY23E	FY24E
Total Revenues	60.0	78.0	85.4	92.8	7.3%	0.0%	0.0%	0.0%	55.9	78.0	85.4	92.8
EBITDA Adjusted	8.7	15.2	17.0	18.9	-3.3%	0.0%	0.0%	0.0%	9.0	15.2	17.0	18.9
EBIT Adjusted	5.1	12.3	14.6	17.3	-19.3%	-9.5%	-4.6%	0.9%	6.3	13.5	15.3	17.2
Net profit restated	3.3	7.1	8.8	10.8	-2.3%	-10.8%	-5.2%	0.8%	3.3	8.0	9.3	10.8
EPS	0.362	0.790	0.975	1.204	-2.3%	-10.8%	-5.2%	0.8%	0.371	0.886	1.028	1.195
Net financial position	(31.9)	(22.7)	(11.9)	0.2	-5.1%	-8.0%	-16.3%	nm	(33.6)	(24.7)	(14.2)	(2.2)

Source: Alantra estimates

## Trading multiples

The stock is now trading at a 17% discount versus peers with respect to EV/EBITDA 22

Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
STAR7	ITALY	82	1.4 x	1.2 x	1.0 x	7.4 x	6.0 x	4.8 x	13.4 x	9.6 x	6.8 x	19.1 x	13.8 x	10.3 x
Premium (discount) to Peers' Median			-7%	-17%	-9%	-18%	-22%	-28%	-3%	-20%	-29%	24%	-8%	-20%
<b>PEERS</b>														
Average			2.6 x	2.3 x	2.1 x	10.7 x	9.2 x	8.2 x	14.7 x	12.5 x	11.2 x	17.2 x	14.5 x	12.9 x
Median			1.6 x	1.4 x	1.1 x	9.0 x	7.7 x	6.7 x	13.8 x	12.0 x	9.6 x	15.4 x	14.9 x	12.9 x
Tecma Solutions SpA	ITALY	83	3.8 x	2.3 x	na	17.5 x	10.3 x	na	22.6 x	13.3 x	na	33.1 x	19.7 x	na
Semcon AB	SWEDEN	197	1.0 x	0.9 x	0.9 x	8.0 x	7.3 x	6.7 x	6.6 x	8.8 x	7.9 x	12.9 x	12.3 x	11.6 x
Etteplan Oyj	FINLAND	398	1.3 x	1.2 x	1.1 x	9.0 x	7.7 x	7.2 x	14.6 x	12.8 x	11.6 x	16.7 x	15.7 x	14.5 x
Elanders AB Class B	SWEDEN	422	0.8 x	0.7 x	0.6 x	5.6 x	5.3 x	4.8 x	13.0 x	11.2 x	9.6 x	10.5 x	9.5 x	8.5 x
RWS Holdings plc	UNITED KINGDOM	1,694	1.8 x	1.7 x	1.6 x	7.9 x	7.5 x	6.4 x	10.0 x	9.8 x	8.5 x	14.1 x	14.2 x	12.9 x
<b>Business Comparables</b>														
Average			1.7 x	1.4 x	1.0 x	9.6 x	7.6 x	6.3 x	13.4 x	11.2 x	9.4 x	17.5 x	14.3 x	11.9 x
Median			1.3 x	1.2 x	1.0 x	8.0 x	7.5 x	6.6 x	13.0 x	11.2 x	9.0 x	14.1 x	14.2 x	12.2 x
Apple Inc.	UNITED STATES	2,612,420	7.1 x	6.7 x	6.5 x	21.4 x	20.5 x	20.0 x	23.5 x	22.2 x	22.2 x	28.9 x	26.9 x	26.1 x
Ferrari NV	ITALY	37,961	10.8 x	9.7 x	8.9 x	30.5 x	26.4 x	23.6 x	44.8 x	37.6 x	33.8 x	42.2 x	35.7 x	32.1 x
CNH Industrial NV	UNITED STATES	20,618	1.1 x	1.0 x	1.0 x	9.0 x	7.7 x	6.5 x	10.1 x	8.3 x	7.5 x	11.8 x	10.7 x	9.4 x
Iveco Group NV	ITALY	1,710	0.2 x	0.2 x	0.2 x	3.1 x	2.7 x	2.5 x	7.6 x	6.6 x	4.6 x	7.7 x	5.3 x	4.7 x
Stellantis N.V.	ITALY	45,269	0.2 x	0.1 x	0.1 x	1.0 x	0.8 x	0.6 x	1.5 x	1.2 x	0.9 x	3.6 x	3.4 x	3.1 x
Leonardo SpA	ITALY	5,311	0.6 x	0.5 x	0.5 x	5.0 x	4.3 x	3.8 x	7.3 x	6.4 x	5.5 x	7.4 x	6.4 x	5.9 x
<b>Main clients</b>														
Average			3.3 x	3.0 x	2.8 x	11.7 x	10.4 x	9.5 x	15.8 x	13.7 x	12.4 x	16.9 x	14.7 x	13.5 x
Median			0.8 x	0.7 x	0.7 x	7.0 x	6.0 x	5.2 x	8.9 x	7.4 x	6.5 x	9.7 x	8.6 x	7.6 x
Weighted average on 2020PF Sales			4.7 x	4.3 x	4.1 x	15.2 x	13.8 x	12.8 x	19.5 x	17.2 x	16.0 x	21.4 x	19.0 x	17.7 x

Source: Alantra estimates and Factset

## Financials

Better profitability compared to business peers with expected higher growth rates

Company	Country	Mkt Cap (Eu mn)	FY22E - FY24E average margins					Sales CAGR 21-24	EBITDA	EBIT	EPS
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout				
STAR7 (*)	ITALY	82	19.9%	12.6%	7.1%	1.6%	0.0%	13.7%	27.2%	29.9%	37.3%
Tecma Solutions SpA	ITALY	83	24.2%	16.4%	11.8%	7.7%	0.0%	48.1%	73.4%	190.1%	187.5%
Semcon AB	SWEDEN	197	12.6%	12.1%	7.9%	0.5%	53.8%	6.8%	6.3%	-0.8%	9.6%
Etteplan Oyj	FINLAND	398	14.7%	9.1%	6.9%	5.2%	48.9%	8.2%	9.1%	11.3%	10.5%
Elanders AB Class B	SWEDEN	422	13.2%	6.2%	3.7%	1.4%	30.9%	6.6%	7.9%	15.6%	20.1%
RWS Holdings plc	UNITED KINGDOM	1,694	23.4%	18.0%	13.6%	5.0%	44.8%	5.7%	9.5%	8.4%	6.8%
<b>BUSINESS PEERS</b>											
Average			17.6%	12.4%	8.8%	3.9%	35.7%	15.1%	21.2%	44.9%	46.9%
Median			14.7%	12.1%	7.9%	5.0%	44.8%	6.8%	9.1%	11.3%	10.5%
Apple Inc.	UNITED STATES	2,612,420	32.8%	30.0%	25.0%	3.1%	15.5%	5.6%	5.3%	5.1%	6.5%
Ferrari NV	ITALY	37,961	36.6%	25.4%	19.3%	15.2%	29.7%	10.4%	12.2%	12.0%	11.5%
Iveco Group NV	ITALY	1,710	7.7%	3.5%	2.2%	5.4%	17.6%	4.9%	10.7%	28.8%	48.6%
CNH Industrial NV	UNITED STATES	20,618	13.0%	11.7%	9.1%	2.8%	23.7%	-11.7%	8.2%	11.6%	9.9%
Stellantis N.V.	ITALY	45,269	14.9%	10.7%	8.2%	7.0%	27.9%	6.7%	8.3%	2.4%	5.0%
Leonardo SpA	ITALY	5,311	11.8%	8.1%	4.9%	4.5%	11.6%	4.2%	6.1%	13.7%	14.4%
<b>MAIN CLIENTS</b>											
Average			19.5%	14.9%	11.5%	6.3%	21.0%	3.3%	8.5%	12.3%	16.0%
Median			13.9%	11.2%	8.7%	4.9%	20.7%	5.2%	8.3%	11.8%	10.7%

Source: Alantra estimates and Factset

## Performance

Resilient YTD trend compared to its direct peers

Company	Country	Mkt Cap (Eu mn)	Performance							
			1M	3M	6M	1YR	3YR	5YR	YTD	From 23/02/2022
STAR7	ITALY	66	2.2%	4.6%	na	na	na	na	-7.1%	0.2%
Tecma Solutions SpA	ITALY	83	9.9%	-0.9%	40.3%	41.8%	na	na	-3.7%	8.8%
Semcon AB	SWEDEN	197	1.1%	-7.2%	-11.3%	14.5%	95.5%	102.5%	-10.6%	-0.5%
Etteplan Oyj	FINLAND	398	9.3%	-8.1%	-11.5%	-0.6%	95.7%	126.4%	-6.2%	-0.6%
Elanders AB Class B	SWEDEN	422	-7.6%	-24.7%	-10.5%	-18.9%	43.9%	33.1%	-24.5%	-9.4%
RWS Holdings plc	UNITED KINGDOM	1,694	-20.7%	-43.0%	-41.7%	-42.5%	-25.1%	14.4%	-43.9%	-21.5%
Business PEERS	Average		-1.6%	-16.8%	-6.9%	-1.1%	52.5%	69.1%	-20.5%	-6.7%
	Median		1.1%	-8.1%	-11.3%	-0.6%	69.7%	67.8%	-17.5%	-5.0%
Apple Inc.	UNITED STATES	2,612,420	6.3%	-2.1%	23.7%	44.9%	272.2%	388.5%	-1.1%	9.7%
Ferrari NV	ITALY	37,961	1.6%	-14.0%	8.2%	12.9%	65.9%	183.7%	-14.0%	1.8%
Iveco Group NV	ITALY	1,710	-15.3%	na	na	na	na	na	na	-18.5%
CNH Industrial NV	UNITED STATES	20,618	16.5%	-0.5%	13.3%	23.7%	88.8%	99.1%	-1.1%	17.0%
Stellantis N.V.	ITALY	45,269	-11.7%	-14.3%	-12.1%	-1.3%	47.7%	89.8%	-13.4%	-15.3%
Leonardo SpA	ITALY	5,311	14.8%	44.4%	32.0%	35.1%	-10.4%	-29.7%	45.8%	43.5%
MAIN CLIENTS	Average		2.0%	2.7%	13.0%	23.1%	92.8%	146.3%	3.2%	6.4%
	Median		4.0%	-2.1%	13.3%	23.7%	65.9%	99.1%	-1.1%	5.8%

Source: Alantra estimates and Factset



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