

STAR7

Sector: Business Services

Positive 1H checkpoint supports 2022 guidance

1H22 results were positive with a sound top-line (+13% organic) and profitability (EBITDA margin at 18%). FY22 EBITDA guidance of Eu15mn has been confirmed. FCF generation in 1H (negative for Eu5.7mn) was impacted by negative NWC dynamics, which should be partially recovered in 2H. We have revised our estimates of top line and net debt slightly upwards keeping EBITDA estimates unchanged. 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%). We remind that the presence of the PAS provides 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. The integration of LocalEyes has been smooth and the group could be ready for additional M&A deals after the small acquisition of Vertere

- 1H22 total revenues up to Eu40.5mn (+13% organic), EBITDA margin held up well at 18%.** 1H22 net sales came in at Eu39.6mn (+41.2% yoy, +13.4% organic) and slightly above our expectations. Looking at the divisions, Printing reached 6.3mn (+13% yoy), Engineering, Product Knowledge & Experience stood at Eu15.1mn or 38% of sales (+9% yoy), thanks to a strong cross-selling effort. Global content topped to Eu18.2mn from Eu8.7mn in 1H21, thanks to the contribution from LocalEyes and organic growth. International sales accounted to 41% of the total. 1H22 EBITDA came in at Eu7.2mn (+10% vs. 1H21PF), resulting in a margin of 18%, in line with 1H21PF figure. Despite an increase in personnel (+14% vs. 1H21PF), EBITDA margin held up well due to cost efficiencies, mainly related to the offshoring of some engineering services in Albania (new location opened in June). EBIT reached Eu3.5mn, flat vs. 1H21PF, while net profit dropped to Eu1.5mn from Eu1.9mn in 1H21PF due to an increase in financial charges linked to new debt for the acquisition of LocalEyes. 1H22 net debt came in at Eu37.4mn, up by Eu5.5mn from YE21, mostly impacted by negative NWC dynamics for Eu9mn, which should only partially revert in 2H.
- FY22 guidance confirmed with business on track despite challenging environment. Eyes on additional M&A.** STAR7 confirmed the guidance for FY22E of Eu15mn EBITDA. Messages from management's call were supportive on the continuation of the solid trend also in 2H, despite the challenging environment. The cross-sector diversification is helping the group to navigate in such context. Management expects to focus on the enlargement of clients' sectors, Integrale7 expansion and pursuing further growth in key regions like USA. Net debt at YE should be in line with 2021. With Eu21mn cash pile in 1H22, management should continue to be active in M&A. Indeed, in July, STAR7 has already closed a bolt-on acquisition (100% of Vertere for Eu0.84mn) of an Italian provider of translation and localization services. The implied acquisition multiple was relatively cheap: 3.6x 21 adj. EV/EBITDA. We believe that the acquisition is strategic, as it should enable to cross-sell Vertere's innovative products to STAR7's clients. In addition, the group has acquired one new prestigious Italian customer.
- We slightly improve our top-line for FY22E, EBITDA estimates confirmed.** We slightly increase our top-line projection for FY22E after the positive 1H release and including the acquisition of Vertere. EBITDA estimates are unchanged. We have increased our estimated Net Debt at YE, as we assume that the group should recover in 2H only part of the negative FCF experienced in 1H. Our updated estimates point to 15.6% FY21-24E top line CAGR with EBITDA margin of 19.4% and 19.6% in 2022E and 2023E respectively.
- 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 >10% discount versus peers on 2022 EV/EBITDA and our updated DCF delivers a valuation of Eu13.4/share. We highlight that the presence of the PAS gives investors high 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. The integration of LocalEyes has been smooth so far and the group could be ready for additional M&A deals.

BUY

Unchanged

TP 12.6

From 12.6

Target price upside 54%

Change in EPS est.	FY22E	FY23E
	0.0%	0.0%

Ticker (BBG, Reut)	STAR7 IM	STAR7 MI
Share price Ord. (Eu)		8.2
N. of Ord. shares (mn)		9.0
Total N. of shares (mn)		9.0
Market cap (Eu mn)		74
Total Market Cap (EU mn)		74
Free Float Ord. (%)		25%
Free Float Ord. (Eu mn)		18
Daily AVG liquidity Ord. (Eu k)		39

	1M	3M	12M
Absolute Perf.	-4%	-6.6%	na
Rel. to FTSEMidCap	7%	4.4%	na
52 weeks range		8.2	9.8

	FY21A	FY22E	FY23E
Sales	60	78	87
EBITDA adj.	8.7	15.2	17.0
Net profit adj.	3.3	7.1	8.8
EPS adj.	0.386	0.791	0.975
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.	13.5x	7.2x	6.0x
P/E adj.	24.7x	10.4x	8.4x
Dividend yield	0.0%	0.0%	0.0%
FCF yield	4.7%	4.7%	13.6%
Net debt/(Net cash)	31.9	28.9	19.3
Net debt/EBITDA	3.7x	1.9x	1.1x



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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	78.3	86.7	94.1
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
EBITDA adjusted	4.3	8.7	15.2	17.0	18.9
EBIT adjusted	2.5	5.1	12.3	14.6	17.3
Net profit adjusted	1.5	3.3	7.1	8.8	10.8

Margins (%)	FY20A	FY21A	FY22E	FY23E	FY24E
First margin	na	na	na	na	na
EBITDA margin	9.6%	13.8%	19.4%	19.6%	20.1%
EBITDA margin (adj)	9.6%	14.5%	19.4%	19.6%	20.1%
EBIT margin	5.6%	6.6%	10.7%	12.3%	14.2%
EBIT margin (adj)	5.6%	8.4%	15.7%	16.8%	18.4%
Pre-tax margin	4.7%	5.6%	8.3%	10.4%	12.9%
Net profit margin	3.4%	4.1%	5.5%	6.9%	8.5%
Net profit margin (adj)	3.4%	5.4%	9.1%	10.1%	11.5%

Growth rates (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Sales	-16.9%	34.6%	30.4%	10.8%	8.6%
EBITDA		93.0%	83.3%	11.7%	11.4%
EBITDA adjusted		102.3%	74.9%	11.7%	11.4%
EBIT		59.6%	109.5%	27.6%	25.7%
EBIT adjusted		102.5%	142.2%	18.9%	18.8%
Pre-tax		59.9%	94.4%	38.5%	34.6%
Net profit		64.7%	74.4%	38.5%	34.6%
Net profit adjusted		117.3%	118.4%	23.3%	23.5%

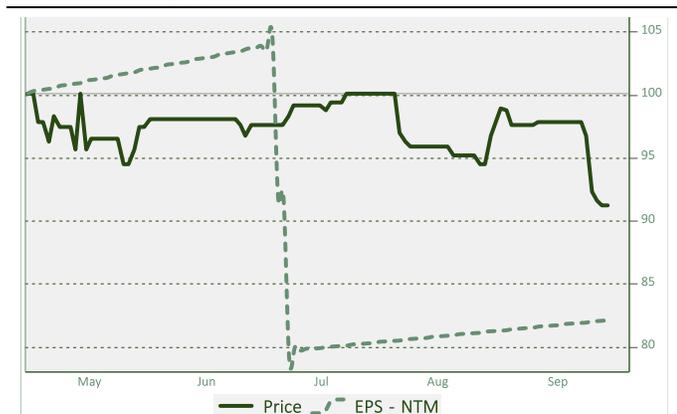
Per share data	FY20A	FY21A	FY22E	FY23E	FY24E
Shares	7.872	9.000	9.000	9.000	9.000
N. of shares AVG	6.810	8.436	9.000	9.000	9.000
N. of shares diluted AVG	6.810	8.436	9.000	9.000	9.000
EPS	0.220	0.293	0.479	0.663	0.892
EPS adjusted	0.220	0.386	0.791	0.975	1.204
DPS - Ord.	0.000	0.000	0.000	0.000	0.000
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	8.2	8.2	8.2
Market cap		80.3	73.8	73.8	73.8
Net debt/(Net cash)	16.3	31.9	28.9	19.3	7.7
Adjustments	0.0	5.3	7.1	8.2	9.5
Enterprise value		117.6	109.8	101.3	91.0

Source: Company data, Alantra estimates

Share price performance

The stock is down 16% YTD



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	(7.4)	(2.4)	(2.2)
Other Op. items	(0.1)	0.4	1.3	0.6	0.5
Operating cash flow	6.0	9.7	5.5	11.0	12.6
Capex	(5.3)	(6.0)	(2.0)	(1.0)	(1.0)
FCF	0.7	3.8	3.5	10.0	11.6
Disposals/Acquisitions	0.0	(31.2)	(0.4)	(0.4)	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
Ch. in NFP	0.5	(15.6)	3.0	9.6	11.6

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Capex/Sales	11.9%	9.9%	2.6%	1.2%	1.1%
Capex/D&A	3.1x	1.4x	0.3x	0.2x	0.2x
FCF/EBITDA	16.3%	45.5%	22.8%	59.0%	61.4%
FCF/Net profit	46.7%	153.0%	80.4%	168.0%	144.7%
Dividend pay-out	0.0%	0.0%	0.0%	0.0%	0.0%

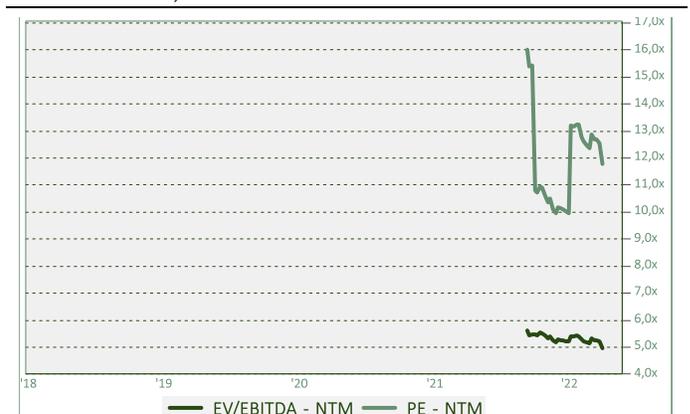
Balance sheet (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital	16.7	14.0	21.5	23.9	26.1
Fixed assets	14.2	47.8	43.3	38.5	33.9
Provisions & others	(3.6)	(4.4)	(5.7)	(6.4)	(6.9)
Net capital employed	27.3	57.4	59.1	56.0	53.1
Net debt/(Net cash)	16.3	31.9	28.9	19.3	7.7
Equity	10.3	24.6	28.9	34.8	42.9
Minority interests	0.7	0.9	1.3	1.9	2.6

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital/Sales	37.4%	23.4%	27.4%	27.5%	27.7%
Net debt/Equity	158.5%	130.0%	100.0%	55.3%	17.9%
Net debt/EBITDA	3.8x	3.7x	1.9x	1.1x	0.4x

Valuation	FY20A	FY21A	FY22E	FY23E	FY24E
EV/CE		1.9x	1.7x	1.6x	1.5x
P/BV		3.3x	2.6x	2.1x	1.7x
EV/Sales		2.0x	1.4x	1.2x	1.0x
EV/EBITDA		14.2x	7.2x	6.0x	4.8x
EV/EBITDA adjusted		13.5x	7.2x	6.0x	4.8x
EV/EBIT		29.5x	13.1x	9.5x	6.8x
EV/EBIT adjusted		23.2x	9.0x	7.0x	5.3x
P/E		32.5x	17.1x	12.4x	9.2x
P/E adjusted		24.7x	10.4x	8.4x	6.8x
ROCE pre-tax	8.2%	10.9%	19.4%	22.9%	28.3%
ROE	14.6%	13.3%	24.6%	25.2%	25.3%
EV/FCF		31.1x	31.7x	10.1x	7.8x
FCF yield		4.7%	4.7%	13.6%	15.7%
Dividend yield		0.0%	0.0%	0.0%	0.0%

Valuation

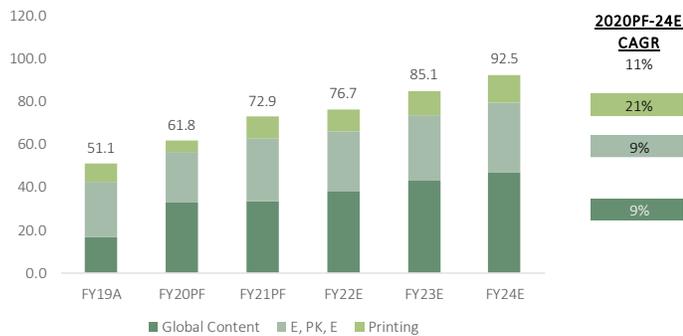
Short market history



Key Charts

Sales trend and breakdown by division (FY19A-FY24E)

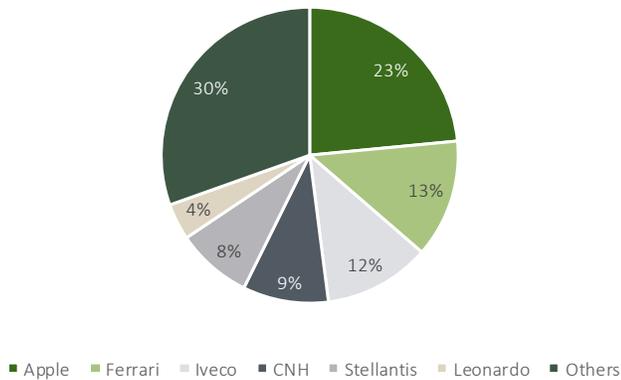
Global content is the most important division



Source: company data and Alantra estimates

Revenue breakdown by client (FY20PF)

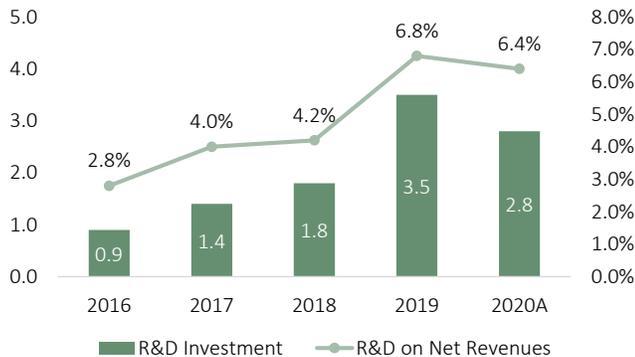
The main client (Apple) accounts for 23% of 2020PF sales (TOP5 clients at 66%)



Source: company data

Historical R&D investments (FY16A-20A)

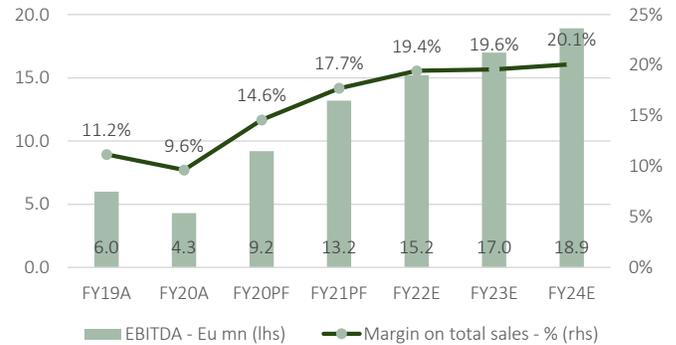
STAR7 invested in R&D c. 5% of net revenues on average in 2016-2020



Source: company data and Alantra estimates

EBITDA evolution (FY19A-FY24E)

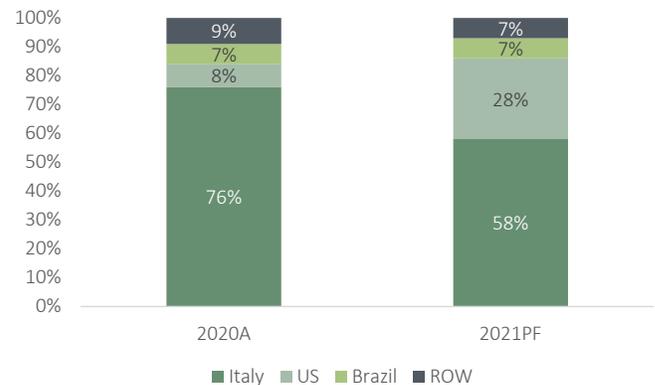
Walking through the 20% margin threshold in FY22-24E



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 55% 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

Weaknesses

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

Opportunities

Increase in cross selling
International expansion
Addition of new sector clusters

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. 33.4%
KAIROS Partners SGR S.P.A. 6.1%
Float 18.8%

Management

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

Next events

1H22 Results

1H22 Results

1H22 revenues climbed to Eu40.5mn (+13% yoy organic g). EBTIDA margin held up well at 18%

Eu mn	1H21PF	1H22A	YoY %	2H21PF	2H22E	YoY %	FY21PF	Alantra FY22E	YoY %
Net revenues	35.0	39.6	13.3%	37.9	37.0	-2%	72.9	76.7	5%
Change in FP and WIP	0.1	0.1		(0.1)	(0.1)		0.0	0.0	
<i>On Total Revenues %</i>	<i>0.3%</i>	<i>0.3%</i>		<i>-0.3%</i>	<i>-0.3%</i>		<i>0.0%</i>	<i>0.0%</i>	
Other revenues	0.7	0.7		0.9	0.9		1.6	1.6	
<i>On Total Revenues %</i>	<i>2.0%</i>	<i>1.7%</i>		<i>2.3%</i>	<i>2.4%</i>		<i>2.1%</i>	<i>2.0%</i>	
Total Revenues	35.8	40.5	13.0%	38.7	37.8	-2%	74.5	78.3	5%
EBITDA Adjusted	6.6	7.2	10%	7.2	8.0	11%	13.8	15.2	10%
<i>Ebitda Margin %</i>	<i>18.4%</i>	<i>17.9%</i>		<i>18.6%</i>	<i>21.1%</i>		<i>18.5%</i>	<i>19.4%</i>	
EBIT Adjusted	3.5	3.5	1%	7.3	8.7	19%	10.8	12.3	14%
<i>Ebit Margin %</i>	<i>9.8%</i>	<i>8.8%</i>		<i>18.9%</i>	<i>23.0%</i>		<i>14.5%</i>	<i>15.7%</i>	
Restated Net Profit	1.9	1.5	-21%	4.7	5.6	21%	6.6	7.1	9%
<i>Net Profit Margin %</i>	<i>5.3%</i>	<i>3.7%</i>		<i>12.0%</i>	<i>14.9%</i>		<i>8.8%</i>	<i>9.1%</i>	
NFP end of the period	0.7	(37.4)		(47.6)	(28.9)		(47.6)	(28.9)	

Source: Company data, Alantra estimates

Estimates

Change in estimates

We slightly increase our top-line projection for FY22E after the positive 1H release and including the acquisition of Vertere. EBITDA estimates are unchanged. We have also increased our estimated Net Debt

Change in estimates (Eu mn)	NEW Estimates			% Change			OLD Estimates		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Total Revenues	78.3	86.7	94.1	0.3%	1.6%	1.5%	78.0	85.4	92.8
EBITDA Adjusted	15.2	17.0	18.9	0.0%	0.0%	0.0%	15.2	17.0	18.9
EBIT Adjusted	12.3	14.6	17.3	0.0%	0.0%	0.0%	12.3	14.6	17.3
Net profit restated	7.1	8.8	10.8	0.0%	0.0%	0.0%	7.1	8.8	10.8
EPS	0.791	0.975	1.204	0.0%	0.0%	0.0%	0.790	0.975	1.204
Net financial position	(28.9)	(19.3)	(7.7)	27.4%	61.6%	-3614.8%	(22.7)	(11.9)	0.2

Source: Alantra estimates

Trading multiples

The stock is now trading at discount >10% versus peers with respect to EV/EBITDA 23

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	74	1.4 x	1.2 x	1.0 x	7.2 x	6.0 x	4.8 x	13.1 x	9.5 x	6.8 x	17.1 x	12.4 x	9.2 x	
Premium (discount) to Peers' Median			1%	-10%	-20%	-5%	-13%	-20%	7%	-17%	-29%	28%	-13%	-24%	
PEERS			Average	1.6 x	1.3 x	1.1 x	27.3 x	9.0 x	6.4 x	11.5 x	22.1 x	9.3 x	13.2 x	27.5 x	11.8 x
			Median	1.4 x	1.3 x	1.2 x	7.6 x	6.8 x	6.0 x	12.3 x	11.4 x	9.5 x	13.4 x	14.3 x	12.1 x
Tecma Solutions SpA	ITALY	71	3.4 x	2.2 x	1.6 x	104.9 x	16.9 x	6.4 x	na	69.1 x	9.9 x	na	86.3 x	12.1 x	
Semcon AB	SWEDEN	260	1.4 x	1.3 x	1.2 x	11.8 x	10.3 x	9.5 x	12.8 x	11.9 x	11.0 x	16.6 x	16.4 x	15.5 x	
Etteplan Oyj	FINLAND	312	1.0 x	1.0 x	0.9 x	7.6 x	6.8 x	6.0 x	12.8 x	11.4 x	9.5 x	14.5 x	14.3 x	12.8 x	
Elanders AB Class B	SWEDEN	406	0.7 x	0.6 x	0.6 x	5.2 x	4.8 x	4.4 x	11.8 x	9.8 x	8.8 x	9.4 x	8.0 x	7.5 x	
RWS Holdings plc	UNITED KINGDOM	1,443	1.6 x	1.5 x	1.3 x	6.9 x	6.5 x	5.6 x	8.7 x	8.5 x	7.3 x	12.3 x	12.3 x	11.2 x	
Business Comparables			Average	1.6 x	1.3 x	1.1 x	27.3 x	9.0 x	6.4 x	11.5 x	22.1 x	9.3 x	13.2 x	27.5 x	11.8 x
			Median	1.4 x	1.3 x	1.2 x	7.6 x	6.8 x	6.0 x	12.3 x	11.4 x	9.5 x	13.4 x	14.3 x	12.1 x
Apple Inc.	UNITED STATES	2,500,432	5.8 x	5.5 x	5.3 x	17.6 x	16.9 x	16.2 x	19.2 x	18.8 x	18.1 x	23.9 x	22.7 x	21.0 x	
Ferrari NV	ITALY	37,854	10.1 x	9.1 x	8.3 x	28.6 x	24.4 x	22.0 x	42.0 x	34.5 x	31.0 x	38.6 x	32.3 x	28.7 x	
CNH Industrial NV	UNITED STATES	16,074	0.7 x	0.7 x	0.6 x	6.3 x	5.3 x	4.8 x	7.3 x	6.3 x	5.5 x	8.2 x	7.5 x	6.9 x	
Iveco Group NV	ITALY	1,330	0.2 x	0.2 x	0.2 x	2.5 x	2.4 x	2.0 x	6.4 x	5.1 x	4.0 x	8.1 x	5.6 x	4.0 x	
Stellantis N.V.	ITALY	40,323	0.1 x	0.1 x	0.0 x	0.5 x	0.4 x	0.2 x	0.6 x	0.6 x	0.3 x	2.4 x	2.7 x	2.5 x	
Leonardo SpA	ITALY	4,238	0.5 x	0.4 x	0.4 x	4.3 x	3.7 x	3.2 x	6.5 x	5.2 x	4.4 x	6.1 x	5.4 x	4.9 x	
Main clients			Average	2.9 x	2.7 x	2.5 x	10.0 x	8.8 x	8.1 x	13.7 x	11.8 x	10.6 x	14.6 x	12.7 x	11.3 x
			Median	0.6 x	0.6 x	0.5 x	5.3 x	4.5 x	4.0 x	6.9 x	5.7 x	5.0 x	8.1 x	6.5 x	5.9 x
			Weighted average on 2020PF Sales	4.0 x	3.7 x	3.5 x	12.9 x	11.7 x	10.8 x	16.8 x	14.9 x	13.6 x	18.3 x	16.3 x	14.7 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	74	19.7%	12.4%	7.0%	1.6%	0.0%	14.3%	27.2%	29.9%	37.2%	
Tecma Solutions SpA	ITALY	71	24.2%	16.4%	11.8%	7.7%	0.0%	48.1%	73.4%	190.1%	187.5%	
Semcon AB	SWEDEN	260	12.4%	10.9%	8.2%	0.5%	55.0%	7.2%	6.5%	9.7%	10.5%	
Etteplan Oyj	FINLAND	312	14.1%	8.6%	6.4%	2.5%	49.7%	9.4%	8.9%	11.7%	6.5%	
Elanders AB Class B	SWEDEN	406	13.2%	6.2%	3.7%	1.3%	30.0%	9.4%	11.1%	19.1%	19.7%	
RWS Holdings plc	UNITED KINGDOM	1,443	na	18.1%	na	na	46.3%	na	na	na	8.9%	
BUSINESS PEERS			Average	16.0%	12.0%	7.5%	3.0%	36.2%	18.5%	25.0%	57.6%	46.6%
			Median	13.7%	10.9%	7.3%	1.9%	46.3%	9.4%	10.0%	15.4%	10.5%
Apple Inc.	UNITED STATES	2,500,432	32.7%	29.5%	24.8%	2.8%	15.0%	5.5%	4.9%	4.6%	6.6%	
Ferrari NV	ITALY	37,854	36.8%	25.8%	19.7%	15.8%	31.8%	11.4%	13.6%	13.9%	13.9%	
Iveco Group NV	ITALY	1,330	8.0%	3.6%	1.6%	5.5%	15.3%	3.0%	10.9%	25.4%	38.4%	
CNH Industrial NV	UNITED STATES	16,074	12.1%	10.5%	9.1%	2.5%	22.8%	5.1%	2.8%	5.6%	8.5%	
Stellantis N.V.	ITALY	40,323	15.2%	11.5%	8.4%	6.4%	28.0%	7.9%	8.3%	5.0%	4.8%	
Leonardo SpA	ITALY	4,238	12.1%	8.4%	4.9%	4.3%	11.0%	4.5%	7.6%	16.2%	14.0%	
MAIN CLIENTS			Average	19.5%	14.9%	11.4%	6.2%	20.7%	6.2%	8.0%	11.8%	14.4%
			Median	13.7%	11.0%	8.7%	4.9%	19.1%	5.3%	8.0%	9.8%	11.2%

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	63	-3.5%	-6.6%	-9.9%	na	na	na	-16.3%	-9.7%
Tecma Solutions SpA	ITALY	71	-1.2%	-4.7%	-22.3%	9.0%	na	na	-25.1%	-15.5%
Semcon AB	SWEDEN	260	6.0%	46.7%	37.9%	22.4%	178.8%	199.3%	23.3%	37.2%
Etteplan Oyj	FINLAND	312	-17.3%	-20.0%	-21.8%	-30.7%	39.3%	43.5%	-26.6%	-22.3%
Elanders AB Class B	SWEDEN	406	-15.4%	7.1%	0.5%	-10.1%	68.4%	33.3%	-24.1%	-9.0%
RWS Holdings plc	UNITED KINGDOM	1,443	-1.9%	-7.6%	-8.9%	-46.9%	-43.0%	-16.0%	-48.9%	-28.5%
Business PEERS	Average		-6.0%	4.3%	-2.9%	-11.3%	60.9%	65.0%	-23.9%	-10.6%
	Median		-1.9%	-4.7%	-8.9%	-10.1%	53.8%	38.4%	-24.6%	-12.6%
Apple Inc.	UNITED STATES	2,500,432	-8.4%	9.0%	-14.7%	5.6%	173.9%	291.0%	-15.6%	-6.4%
Ferrari NV	ITALY	37,854	-2.3%	9.1%	-0.3%	7.9%	39.2%	109.7%	-14.2%	1.5%
Iveco Group NV	ITALY	1,330	-5.2%	-7.5%	-22.2%	na	na	na	na	-36.6%
CNH Industrial NV	UNITED STATES	16,074	-7.4%	-6.0%	-31.6%	-22.5%	29.8%	10.0%	-32.3%	-19.9%
Stellantis N.V.	ITALY	40,323	-6.7%	2.3%	-11.2%	-21.9%	31.2%	16.1%	-23.1%	-24.8%
Leonardo SpA	ITALY	4,238	-13.6%	-25.6%	-20.2%	5.3%	-32.3%	-54.0%	16.3%	14.5%
MAIN CLIENTS	Average		-7.3%	-3.1%	-16.7%	-5.1%	48.4%	74.6%	-13.8%	-12.0%
	Median		-7.0%	-1.9%	-17.4%	5.3%	31.2%	16.1%	-15.6%	-13.1%

Source: Alantra estimates and Factset

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