

## STAR7

Sector: Business Services

### FY22 EBITDA in line

*FY22 results were positive with a sound top-line growth (+14% vs 21PF) above our estimate. EBITDA of Eu15.1mn was in line with mgmt. guidance, leading to the cancelation of the PAS. EBITDA margin keeps expanding from 9.5% in 2020 to current 18.2% With Net Debt / Adj. EBITDA of 2.3x in FY 2022 (from 3.7x in FY21) STAR7 can continue its successful M&A track-record. We include in our model the lease of CAAR/STI business, which should lead to a temporary dilution of the EBITDA margin in FY23. BUY confirmed with TP raised to Eu13.0/share (from Eu12.6), +38% upside, based on the 24-25E EV/EBITDA (70%) and DCF (30%).*

- FY22 revenues beat our estimate. EBITDA in line with guidance leads to the cancellation of the PAS (Price Adjustment Shares).** FY22 total revenues came in at Eu84.8mn, up 14% yoy versus FY21PF and above our expectations (+8%). The Printing division grew to 15mn (+47% vs. FY21PF), also due to new key clients in Brazil, bringing the contribution to 18% on total sales from 14% in 2021PF. Engineering, Product Knowledge & Experience stood at Eu30mn/36% of sales (from Eu29.2mn in FY21PF). Global content topped to Eu38.5mn/46% of sales from Eu33.5mn in FY21PF (+15%). International sales accounted to over 44% of the total (41% in 1H22), thanks to the expansion in USA and Brazil. FY22 EBITDA came in at Eu15.1mn/18% margin (+14.3% vs. FY21PF), in line with our estimate and mgmt. guidance, leading to the cancelation of the PAS. The EBITDA margin is successfully expanding (9.5% in 2020 to current 18.2%), underpinned by cost efficiencies (e.g. offshoring of services in Albania). Adj. EBIT reached Eu11.3mn, slightly lower than our figure due to higher D&A (Eu7.8mn), while adj. net profit was Eu7.1mn (in line). FY22 net debt came in at Eu35.1mn, up by Eu3.2mn from YE21, impacted by negative NWC dynamics for Eu7.8mn and acquisitions for Eu2.2mn (net debt/Adj. EBITDA down to 2.3x from 3.7x at YE21).
- CAAR/STI integration triggers cross-selling opportunities; room for new M&A.** Messages from management's call were supportive on the EBITDA margin expansion in the long run due to cost optimization and cross-selling activity. With the lease subject to acquisition of CAAR/STI's business signed in Dec. 2022, STAR7 is strategically increasing the weight of the E,P,K activity to 46% in FY22PF (FY22 CAAR sales were c. Eu15mn). The deal, which entails Eu2.8mn cash-out upon termination of the lease (6 months with renewal option) and subject to maximum Eu3.2mn debt (CAAR is under restructuring process), has strong strategic rationale, as it adds: 1) new clients in the automotive, defense and agriculture sectors; 2) stronger coverage of existing clients (STAR7's Integrale7 approach); 3) new engineers with products' knowledge and competencies. We estimate an implied transaction multiple FY22 of 4x EV/EBITDA (assuming 10% EBITDA with Eu3.2mn debt), in line with historical deals. The lease subject to acquisition of the CAAR/STI business would lift STAR7's position on top of the product information value chain, embracing strategic engineering services with high business visibility and cross-selling potential. The cross-sector exposure and further internationalization should shield from macroeconomic challenges. Further M&A deals could be on the cards and represent an upside risk.
- We include the lease of the CAAR/STI business.** We include in our model the CAAR/STI business lease and reflect an EBITDA margin dilution effect from the integration in FY23E, which should return to expansion in 24E. Our updated estimates point to 14% FY22-25E top line CAGR with EBITDA margin growing from current 18% to 20% in 2025E. The deleveraging should continue with expected net debt/EBITDA of 0.5x in 25E.
- BUY rating confirmed with TP to Eu13/share (from Eu12.6).** BUY rating confirmed with TP to Eu13.0/share (from Eu12.6), +38% upside, based on the average of 2024E-25E EV/EBITDA of peers (70% weight) and DCF (30%).

## BUY

Unchanged

## TP 13

From 12.6

Target price upside 38%

Change in EPS est.	FY23E	FY24E
	0.1%	13.5%

Ticker (BBG, Reut)	STAR7 IM	STAR7 MI
Share price Ord. (Eu)		9.4
N. of Ord. shares (mn)		9.0
Total N. of shares (mn)		9.0
Market cap (Eu mn)		85
Total Market Cap (EU mn)		85
Free Float Ord. (%)		25%
Free Float Ord. (Eu mn)		21
Daily AVG Liquidity Ord. (Eu k)		10

	1M	3M	12M
Absolute Perf.	2%	11.1%	3.7%
Rel. to FTSEMIDCap	8%	3.4%	6.2%
52 weeks range		8.2	9.8



	FY22A	FY23E	FY24E
Sales	85	108	118
EBITDA adj.	15.1	18.0	21.9
Net profit adj.	7.1	8.8	12.3
EPS adj.	0.790	0.976	1.367
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.	8.1x	7.2x	5.5x
P/E adj.	11.2x	9.7x	6.9x
Dividend yield	0.0%	0.0%	0.0%
FCF yield	-1.5%	3.9%	10.0%
Net debt/(Net cash)	35.3	35.2	26.7
Net debt/EBITDA	2.3x	2.0x	1.2x

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# ALANTRA

Italian Equity Research

## Summary Financials

P&L account (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Total Revenues	60.0	85.0	108.4	118.0	126.4
First margin	na	na	na	na	na
EBITDA reported	8.3	15.1	18.0	21.9	25.3
D&A	(4.3)	(7.8)	(7.2)	(6.2)	(5.9)
EBIT reported	4.0	7.4	10.8	15.8	19.4
Net financial charges	(0.6)	(2.3)	(1.8)	(1.4)	(1.0)
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	3.4	5.1	9.1	14.4	18.4
Taxes	(0.9)	(1.9)	(2.5)	(4.0)	(5.1)
Minorities	0.0	(0.0)	(0.5)	(0.9)	(1.1)
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	2.5	3.1	6.0	9.5	12.1
<b>EBITDA adjusted</b>	<b>8.7</b>	<b>15.1</b>	<b>18.0</b>	<b>21.9</b>	<b>25.3</b>
<b>EBIT adjusted</b>	<b>5.1</b>	<b>11.4</b>	<b>14.7</b>	<b>19.7</b>	<b>23.3</b>
<b>Net profit adjusted</b>	<b>3.3</b>	<b>7.1</b>	<b>8.8</b>	<b>12.3</b>	<b>14.9</b>

Margins (%)	FY21A	FY22A	FY23E	FY24E	FY25E
First margin	na	na	na	na	na
EBITDA margin	13.8%	17.8%	16.6%	18.6%	20.0%
EBITDA margin (adj)	14.5%	17.8%	16.6%	18.6%	20.0%
EBIT margin	6.6%	8.7%	10.0%	13.4%	15.3%
EBIT margin (adj)	8.4%	13.4%	13.6%	16.7%	18.4%
Net profit margin	4.1%	3.6%	5.5%	8.0%	9.6%
Net profit margin (adj)	5.4%	8.4%	8.1%	10.4%	11.8%

Growth rates (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	34.6%	41.6%	27.6%	8.8%	7.1%
EBITDA	93.0%	82.4%	18.9%	21.9%	15.1%
EBITDA adjusted	102.3%	74.0%	18.9%	21.9%	15.1%
EBIT	59.6%	84.4%	47.1%	45.7%	22.8%
EBIT adjusted	102.5%	124.4%	29.6%	33.6%	18.3%
Pre-tax	59.9%	50.6%	79.0%	58.8%	27.6%
Net profit	64.7%	24.8%	93.8%	58.8%	27.6%
Net profit adjusted	117.3%	118.2%	23.5%	40.0%	21.3%

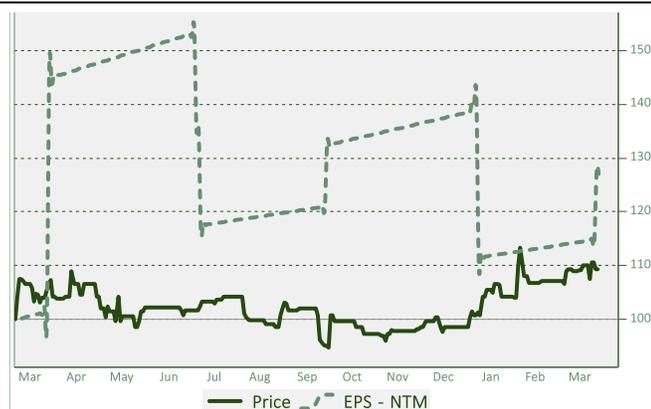
Per share data	FY21A	FY22A	FY23E	FY24E	FY25E
Shares	9,000	9,000	9,000	9,000	9,000
N. of shares AVG	8,436	9,000	9,000	9,000	9,000
N. of shares diluted AVG	8,436	9,000	9,000	9,000	9,000
<b>EPS</b>	<b>0.293</b>	<b>0.343</b>	<b>0.664</b>	<b>1.055</b>	<b>1.346</b>
<b>EPS adjusted</b>	<b>0.386</b>	<b>0.790</b>	<b>0.976</b>	<b>1.367</b>	<b>1.658</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	2.913	3.073	3.728	4.775	6.112

Enterprise value (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Share price Ord. (Eu)	8.9	8.8	9.4	9.4	9.4
Market cap	80.3	79.6	85.0	85.0	85.0
Net debt/(Net cash)	31.9	35.3	35.2	26.7	12.7
Adjustments	5.3	7.3	8.9	10.1	8.5
Enterprise value	117.6	122.2	129.0	121.7	106.1

Source: Company data, Alantra estimates

### Share price performance

The stock is up 14% since IPO



Cash flow (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
EBITDA reported	8.3	15.1	18.0	21.9	25.3
Net financial charges	(0.6)	(2.3)	(1.8)	(1.4)	(1.0)
Cash taxes	(0.5)	(2.0)	(2.5)	(4.0)	(5.1)
Ch. in Working Capital	2.2	(7.8)	(8.4)	(5.2)	(3.4)
Other Op. items	0.4	(0.4)	0.9	0.2	0.2
<b>Operating cash flow</b>	<b>9.7</b>	<b>2.7</b>	<b>6.3</b>	<b>11.5</b>	<b>16.0</b>
Capex	(6.0)	(3.9)	(3.0)	(3.0)	(2.0)
<b>FCF</b>	<b>3.8</b>	<b>(1.2)</b>	<b>3.3</b>	<b>8.5</b>	<b>14.0</b>
Disposals/Acquisitions	(31.2)	(2.2)	(3.2)	0.0	0.0
Changes in Equity	11.8	0.0	0.0	0.0	0.0
Others	0.0	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>(15.6)</b>	<b>(3.3)</b>	<b>0.1</b>	<b>8.5</b>	<b>14.0</b>

Ratios (%)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Capex/Sales</b>	<b>9.9%</b>	<b>4.5%</b>	<b>2.8%</b>	<b>2.5%</b>	<b>1.6%</b>
Capex/D&A	1.4x	0.5x	0.4x	0.5x	0.3x
FCF/EBITDA	45.5%	nm	18.2%	38.8%	55.3%
FCF/Net profit	153.0%	nm	54.9%	89.8%	115.4%
<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)	FY21A	FY22A	FY23E	FY24E	FY25E
Working capital	14.0	23.3	31.7	36.9	40.3
Fixed assets	47.8	46.8	45.8	42.7	38.7
Provisions & others	(4.4)	(5.8)	(6.9)	(7.2)	(7.5)
<b>Net capital employed</b>	<b>57.4</b>	<b>64.2</b>	<b>70.6</b>	<b>72.4</b>	<b>71.5</b>
<b>Net debt/(Net cash)</b>	<b>31.9</b>	<b>35.3</b>	<b>35.2</b>	<b>26.7</b>	<b>12.7</b>
Equity	24.6	27.7	33.6	43.0	55.0
Minority interests	0.9	1.5	2.0	2.9	4.0

Ratios (%)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Working capital/Sales</b>	<b>23.4%</b>	<b>27.4%</b>	<b>29.2%</b>	<b>31.3%</b>	<b>31.9%</b>
<b>Net debt/Equity</b>	<b>130.0%</b>	<b>127.5%</b>	<b>104.9%</b>	<b>62.1%</b>	<b>23.1%</b>
<b>Net debt/EBITDA</b>	<b>3.7x</b>	<b>2.3x</b>	<b>2.0x</b>	<b>1.2x</b>	<b>0.5x</b>

Valuation	FY21A	FY22A	FY23E	FY24E	FY25E
<b>EV/CE</b>	<b>1.9x</b>	<b>1.7x</b>	<b>1.7x</b>	<b>1.5x</b>	<b>1.3x</b>
P/BV	3.3x	2.9x	2.5x	2.0x	1.5x
EV/Sales	2.0x	1.4x	1.2x	1.0x	0.8x
EV/EBITDA	14.2x	8.1x	7.2x	5.5x	4.2x
<b>EV/EBITDA adjusted</b>	<b>13.5x</b>	<b>8.1x</b>	<b>7.2x</b>	<b>5.5x</b>	<b>4.2x</b>
EV/EBIT	29.5x	16.6x	11.9x	7.7x	5.5x
<b>EV/EBIT adjusted</b>	<b>23.2x</b>	<b>10.8x</b>	<b>8.8x</b>	<b>6.2x</b>	<b>4.6x</b>
P/E	32.5x	25.8x	14.2x	8.9x	7.0x
<b>P/E adjusted</b>	<b>24.7x</b>	<b>11.2x</b>	<b>9.7x</b>	<b>6.9x</b>	<b>5.7x</b>
ROCE pre-tax	10.9%	17.2%	19.9%	25.0%	29.3%
<b>ROE</b>	<b>13.3%</b>	<b>25.7%</b>	<b>26.2%</b>	<b>28.6%</b>	<b>27.1%</b>
EV/FCF	31.1x	-105.4x	39.3x	14.3x	7.6x
<b>FCF yield</b>	<b>4.7%</b>	<b>-1.5%</b>	<b>3.9%</b>	<b>10.0%</b>	<b>16.5%</b>
<b>Dividend yield</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

### Valuation

EV/EBITDA multiples remained broadly flat



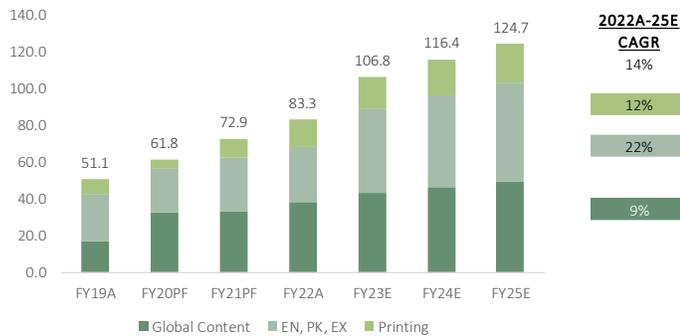
# ALANTRA

Italian Equity Research

## Key Charts

### Sales trend and breakdown by division (FY19A-FY25E)

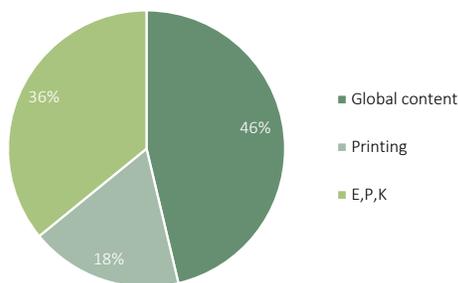
EN, PK, EX division is expected to outpace Global content business



Source: company data and Alantra estimates

### Revenue breakdown by division (FY22)

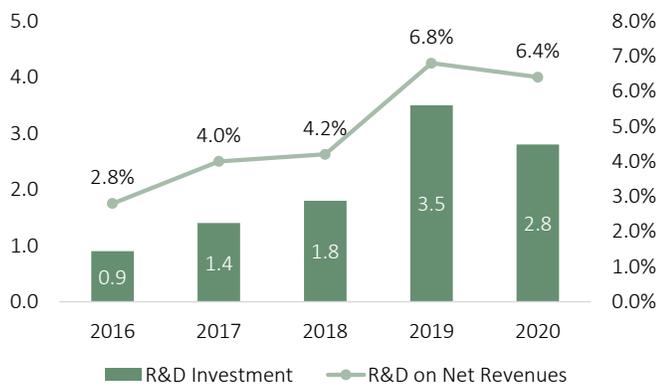
Engineering, Product and Knowledge weighed 36% on total revenue in FY22



Source: company data

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

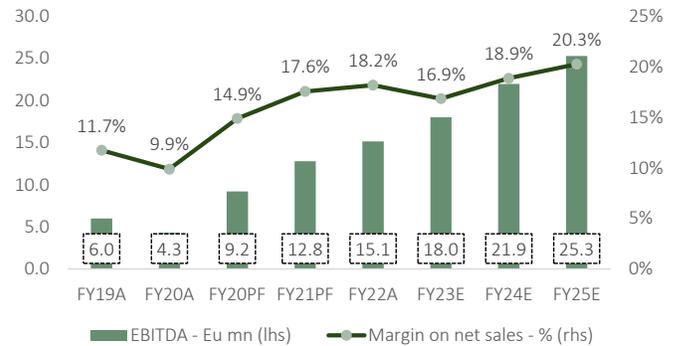
STAR7 invested in R&D c. 5% of net revenues on average in 2016-2020



Source: company data and Alantra estimates

### EBITDA evolution (FY19A-FY25E)

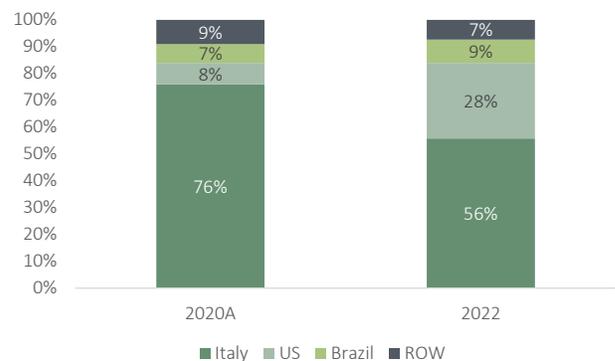
Walking through the 20% margin on net sales threshold in FY22-25E



Source: company data and Alantra estimates

### Revenues breakdown by geography (2020A-22)

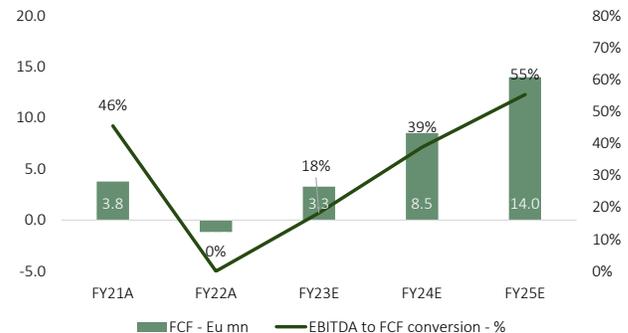
With the LocalEyes acquisition, Star7 increase its US presence to 28% in FY22



Source: company data

### FCF generation and conversion (FY21A-FY25E)

FCF conversion should reach 55% in FY25E



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. Most of sales are 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 >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 c. 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 2013-21 CAGR of >20% mainly organic (also tanks to the introduction of the Engineering and Experience division) and in Italy. The 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. With the recent lease subject to acquisition of CAAR/STI business, STAR7 is targeting to substantially increase its Engineering division (FY22 CAAR sales of Eu15mn). The integration of the CAAR/STI business divisions would increase STAR7's presence on top of the product information value chain, embracing strategic engineering services with high business visibility and cross-selling potential.

### Strategy

The main growth drivers will be: 1) **Higher share of wallet** on existing clients and new small clients in existing verticals; 2) **Geographical expansion** and consolidation in US; 3) **Product / Process innovation** with a particular focus on the development of Experience solutions; 4) **New sectors** with specific focus on Life Science, Gaming and Entertainment is a strategic target; 5) **Additional M&A** on the back of a strong historical track record on the subject

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Integrated offer of the full range of product content and information services</li> <li>Portfolio of top clients (#1 client is Apple; #2 is Ferrari)</li> <li>Loyal and recurring client base</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>Relatively high concentration of the client portfolio</li> <li>High Working Capital requirements</li> <li>Business links with the main shareholders</li> </ul>	
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Increase in cross selling</li> <li>International expansion</li> <li>Addition of new sector clusters</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Exposure to product innovation cycles, often linked to macro cycles</li> <li>Disruptive technological changes in Global Content and Printing</li> <li>Experience could partially cannibalize other divisions</li> </ul>	
<p><b>Key shareholders</b></p> <ul style="list-style-type: none"> <li>Dante S.r.l. 41.7%</li> <li>STAR A.G. 33.4%</li> <li>KAIROS Partners SGR S.P.A. 6.1%</li> <li>Float 18.8%</li> </ul>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>Lorenzo Mondo - Founder &amp; CEO</li> <li>Barbara Donadio - CFO</li> <li>Matteo Gera - General Manager</li> </ul>	<p><b>Next events</b></p> <ul style="list-style-type: none"> <li>1st Shareholding meeting: 27/04/23</li> <li>2nd Shareholding meeting: 27/04/23</li> <li>1H23 results: 26/09/23</li> </ul>

## 2H/FY22 Results

### 2H/FY22 Results

2H/FY22 revenues beat our estimate, EBITDA slightly above guidance cancels the PAS as expected.

Eu mn	2H22PF	2H22A	YoY %	Alantra 2H22E	A vs E	FY21PF	FY22A	YoY %	Alantra FY22E	A vs E
<b>Net revenues</b>	<b>37.9</b>	<b>43.6</b>	<b>15%</b>	<b>37.0</b>	<b>18%</b>	<b>72.9</b>	<b>83.3</b>	<b>14%</b>	<b>76.7</b>	<b>9%</b>
<b>Total Revenues</b>	<b>38.7</b>	<b>44.4</b>	<b>15%</b>	<b>37.8</b>	<b>17%</b>	<b>74.5</b>	<b>84.8</b>	<b>14%</b>	<b>78.3</b>	<b>8%</b>
<b>EBITDA Adjusted</b>	<b>6.7</b>	<b>7.9</b>	<b>18%</b>	<b>8.0</b>	<b>-1%</b>	<b>13.3</b>	<b>15.1</b>	<b>14%</b>	<b>15.2</b>	<b>0%</b>
<i>Ebitda Margin %</i>	<i>17.6%</i>	<i>18.1%</i>		<i>21.5%</i>		<i>18.2%</i>	<i>18.2%</i>		<i>19.8%</i>	
<b>EBIT Adjusted</b>	<b>6.9</b>	<b>7.8</b>	<b>13%</b>	<b>8.7</b>	<b>-10%</b>	<b>10.4</b>	<b>11.4</b>	<b>9%</b>	<b>12.3</b>	<b>-7%</b>
<i>Ebit Margin %</i>	<i>18.2%</i>	<i>17.9%</i>		<i>23.5%</i>		<i>14.3%</i>	<i>13.6%</i>		<i>16.0%</i>	
<b>Restated Net Profit</b>	<b>4.4</b>	<b>5.6</b>	<b>29%</b>	<b>5.6</b>	<b>0%</b>	<b>6.3</b>	<b>7.1</b>	<b>14%</b>	<b>7.1</b>	<b>0%</b>
<i>Net Profit Margin %</i>	<i>11.5%</i>	<i>12.9%</i>		<i>15.2%</i>		<i>8.6%</i>	<i>8.5%</i>		<i>9.3%</i>	
<b>NFP end of the period</b>	<b>(47.6)</b>	<b>(35.3)</b>		<b>(28.9)</b>		<b>(47.6)</b>	<b>(35.3)</b>		<b>(28.9)</b>	

Source: Company data, Alantra estimates

# ALANTRA

Italian Equity Research

## Estimates

### Change in estimates

We include in our model the CAAR/STI business lease and reflect an EBITDA margin dilution effect from the integration in FY23E, which should return to expansion in 24E.

(Eu mn)	NEW Estimates			% Change			OLD Estimates		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Total Revenues	108.4	118.0	126.4	25.0%	25.4%	na	86.7	94.1	na
EBITDA Adjusted	18.0	21.9	25.3	5.9%	16.0%	na	17.0	18.9	na
EBIT Adjusted	14.7	19.7	23.3	1.0%	13.6%	na	14.6	17.3	na
Net profit restated	8.8	12.3	14.9	0.1%	13.5%	na	8.8	10.8	na
EPS	0.976	1.367	1.658	0.1%	13.5%	na	0.975	1.204	na
Net financial position	(35.2)	(26.7)	(12.7)	-15.9	-19.0	na	(19.3)	(7.7)	na

Source: Alantra estimates

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## Italian Equity Research

### Trading multiples

The stock is now trading at discount of c. 20% versus peers with respect to EV/EBITDA 25E

Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
STAR7	ITALY	85	1.2 x	1.0 x	0.8 x	7.2 x	5.5 x	4.2 x	11.9 x	7.7 x	5.5 x	14.2 x	8.9 x	7.0 x
Premium (discount) to Peers' Median			2%	-3%	-13%	14%	0%	-19%	-2%	-30%	-45%	24%	-14%	-26%
<b>PEERS</b>														
Average			1.1 x	1.0 x	0.9 x	6.9 x	6.2 x	5.5 x	11.5 x	10.2 x	8.9 x	12.6 x	11.5 x	10.4 x
Median			1.2 x	1.1 x	1.0 x	6.3 x	5.5 x	5.2 x	12.2 x	11.0 x	10.1 x	11.4 x	10.5 x	9.5 x
Etteplan Oyj	FINLAND	378	1.2 x	1.1 x	1.0 x	8.5 x	7.7 x	6.7 x	14.3 x	12.7 x	10.7 x	16.5 x	14.9 x	12.7 x
Elanders AB Class B	SWEDEN	464	0.8 x	0.7 x	0.7 x	6.0 x	5.5 x	5.2 x	12.2 x	11.0 x	10.1 x	9.9 x	9.2 x	9.0 x
RWS Holdings plc	UNITED KINGDOM	1,307	1.4 x	1.3 x	1.1 x	6.3 x	5.4 x	4.7 x	8.0 x	7.0 x	5.9 x	11.4 x	10.5 x	9.5 x
<b>Business Comparables</b>														
Average			1.1 x	1.0 x	0.9 x	6.9 x	6.2 x	5.5 x	11.5 x	10.2 x	8.9 x	12.6 x	11.5 x	10.4 x
Median			1.2 x	1.1 x	1.0 x	6.3 x	5.5 x	5.2 x	12.2 x	11.0 x	10.1 x	11.4 x	10.5 x	9.5 x
Apple Inc.	UNITED STATES	2,302,423	6.3 x	5.9 x	5.5 x	19.5 x	18.3 x	17.2 x	21.6 x	20.1 x	18.4 x	26.4 x	23.8 x	21.5 x
Ferrari NV	ITALY	47,705	11.2 x	10.4 x	9.7 x	29.6 x	26.6 x	24.8 x	42.7 x	37.6 x	34.3 x	40.4 x	35.4 x	32.7 x
CNH Industrial NV	UNITED STATES	18,401	0.8 x	0.7 x	1.4 x	6.2 x	5.7 x	10.8 x	7.0 x	6.5 x	12.2 x	8.9 x	8.5 x	8.9 x
Iveco Group NV	ITALY	2,412	0.3 x	0.3 x	0.2 x	3.8 x	3.1 x	2.2 x	7.7 x	5.9 x	4.3 x	11.4 x	8.2 x	6.0 x
Stellantis N.V.	ITALY	51,102	0.1 x	0.1 x	0.1 x	0.9 x	0.8 x	0.6 x	1.3 x	1.0 x	0.8 x	3.6 x	3.3 x	3.1 x
Leonardo SpA	ITALY	6,284	0.6 x	0.5 x	0.4 x	4.9 x	4.2 x	3.6 x	7.3 x	6.1 x	5.1 x	8.4 x	7.4 x	6.6 x
<b>Main clients</b>														
Average			3.2 x	3.0 x	2.9 x	10.8 x	9.8 x	9.9 x	14.6 x	12.9 x	12.5 x	16.5 x	14.4 x	13.1 x
Median			0.7 x	0.6 x	0.9 x	5.5 x	4.9 x	7.2 x	7.5 x	6.3 x	8.7 x	10.1 x	8.3 x	7.8 x

Source: Alantra estimates and Factset

## Financials

Profitability in line with business peers but with expected higher growth rates

Company	Country	Mkt Cap (Eu mn)	FY23E - FY25E average margins					CAGR 22-25E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS
STAR7 (*)	ITALY	85	18.4%	12.9%	7.7%	2.3%	0.0%	14.1%	18.6%	27.0%	28.0%
Etteplan Oyj	FINLAND	378	na	na	na	na	na	na	na	na	na
Elanders AB Class B	SWEDEN	464	13.1%	6.6%	3.6%	1.5%	30.3%	3.4%	3.6%	8.9%	7.4%
RWS Holdings plc	UNITED KINGDOM	1,307	23.4%	18.4%	11.2%	4.9%	47.5%	5.0%	6.6%	6.2%	6.1%
<b>BUSINESS PEERS</b>											
Average			18.3%	12.5%	7.4%	3.2%	38.9%	4.2%	5.1%	7.5%	6.7%
Median			18.3%	12.5%	7.4%	3.2%	38.9%	4.2%	5.1%	7.5%	6.7%
Apple Inc.	UNITED STATES	2,302,423	32.1%	29.4%	24.5%	3.0%	15.0%	4.0%	2.8%	3.5%	6.3%
Ferrari NV	ITALY	47,705	38.9%	27.6%	20.7%	14.6%	34.1%	8.7%	13.4%	15.5%	14.6%
Iveco Group NV	ITALY	2,412	8.3%	4.2%	1.9%	5.6%	24.2%	3.4%	7.3%	11.9%	24.1%
CNH Industrial NV	UNITED STATES	18,401	12.9%	11.4%	9.3%	3.0%	23.0%	2.0%	5.0%	5.0%	4.4%
Stellantis N.V.	ITALY	51,102	14.4%	10.5%	8.0%	6.7%	26.8%	3.6%	1.1%	-2.5%	-0.5%
Leonardo SpA	ITALY	6,284	12.2%	8.3%	5.2%	4.6%	9.8%	4.6%	6.2%	15.7%	0.4%
<b>MAIN CLIENTS</b>											
Average			19.8%	15.2%	11.6%	6.2%	22.2%	4.4%	6.0%	8.2%	8.2%
Median			13.6%	11.0%	8.7%	5.1%	23.6%	3.8%	5.6%	8.5%	5.3%

Source: Alantra estimates and Factset

## Performance

Positive 1Y trend compared to its direct peers

Company	Country	Mkt Cap (Eu mn)	Performance						
			1M	3M	6M	1YR	3YR	5YR	YTD
<b>STAR7</b>	ITALY	72	2.2%	11.1%	15.1%	3.7%	na	na	11.1%
Tecma Solutions SpA	ITALY	61	10.1%	9.2%	-13.4%	-32.7%	na	na	6.8%
Etteplan Oyj	FINLAND	378	4.9%	2.7%	21.0%	-5.4%	127.3%	92.3%	2.7%
Elanders AB Class B	SWEDEN	464	-1.6%	6.3%	17.6%	18.1%	267.8%	94.2%	3.5%
RWS Holdings plc	UNITED KINGDOM	1,307	-17.2%	-20.7%	-11.2%	-19.1%	-33.4%	-32.2%	-21.5%
<b>Business PEERS</b>	Average		-1.0%	-0.6%	3.5%	-9.8%	120.6%	51.4%	-2.2%
	Median		1.6%	4.5%	3.2%	-12.3%	127.3%	92.3%	3.5%
Apple Inc.	UNITED STATES	2,302,423	6.9%	25.1%	5.2%	-10.2%	154.5%	278.8%	21.3%
Ferrari NV	ITALY	47,705	0.3%	23.5%	26.0%	25.7%	78.8%	151.6%	22.9%
Iveco Group NV	ITALY	2,412	-0.5%	60.7%	81.3%	41.0%	na	na	60.0%
CNH Industrial NV	UNITED STATES	18,401	-10.0%	-7.1%	29.7%	-11.2%	188.7%	40.0%	-7.7%
Stellantis N.V.	ITALY	51,102	-1.8%	23.9%	26.7%	12.5%	204.6%	32.9%	22.5%
Leonardo SpA	ITALY	6,284	2.4%	33.8%	48.3%	18.3%	80.0%	15.7%	34.9%
<b>MAIN CLIENTS</b>	Average		-0.4%	26.6%	36.2%	12.7%	141.3%	103.8%	25.7%
	Median		-0.1%	24.5%	28.2%	15.4%	154.5%	40.0%	22.7%

Source: Alantra estimates and Factset

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