

## EQUITY RESEARCH

**STAR7**  
 RESULTS REVIEW

BUY

TP 12.4€

Up/Downside: 103%

## Rationalisation underway, but profitability improvement confirmed

STAR7 closes H1 2025 with stable revenues at €60mn, slightly below our expectations. The ongoing rationalisation – focused on headcount and low-margin contracts – is temporarily weighing on growth. Visibility for the full year remains limited, but 2026 prospects are unchanged.

STAR7 reported preliminary H1 2025 revenues of €60mn at constant FX, broadly stable vs the same period in 2024 (€60.4mn), but slightly below our expectations, which anticipated moderate growth towards €63mn. The macroeconomic backdrop, combined with the discontinuation of certain low-margin contracts (notably within the Global Content division), explains the slowdown in momentum compared to H1 2024, which had recorded +19% YoY growth.

This stability reflects a selective strategy focused on higher value-added projects while phasing out less profitable activities inherited from the CAAR-STI acquisition. Management points to underlying positive organic growth – though not quantified – within a broader rationalisation effort in Global Content and Printing. By service line, Engineering (21% of revenues) posted modest growth, supported by Brazil. Global Content slightly declined (32.6% vs 33.2%), while Experience & Product Knowledge remained the top contributor (33.4%) with marginal improvement. Printing (13%) held stable. Demand was mainly driven by the aerospace and defence sectors – the most dynamic segments over the period – while the automotive market, where STAR7 remains slightly overexposed, continued to weigh on performance, particularly in Printing.

These H1 results highlight a strategy geared towards profitability and bottom-line structuring, even at the expense of topline momentum, consistent with the company's medium-term goals. We slightly revise down our FY2025 topline expectations, while keeping our margin assumptions unchanged, as they already factored in profitability gains.

Despite this temporary slowdown in growth, we reiterate our BUY recommendation, convinced that the focus on improving profitability represents a strong lever for long-term value creation. We expect a more sustained revenue rebound starting in 2026.

We confirm our €12.4 target price, pending the release of full results in late September.

| TP ICAP Midcap Estimates | 12/24 | 12/25e | 12/26e | 12/27e | Valuation Ratio       | 12/25e | 12/26e | 12/27e |
|--------------------------|-------|--------|--------|--------|-----------------------|--------|--------|--------|
| Sales (m €)              | 121.1 | 123.3  | 130.3  | 137.5  | EV/Sales              | 0.6    | 0.5    | 0.5    |
| Current Op Inc (m €)     | 13.7  | 13.4   | 15.1   | 16.9   | EV/EBITDA             | 3.8    | 3.1    | 2.6    |
| Current op. Margin (%)   | 11.3  | 10.9   | 11.6   | 12.3   | EV/EBIT               | 5.7    | 4.7    | 3.7    |
| EPS (€)                  | 0.87  | 0.90   | 1.05   | 1.20   | PE                    | 6.8    | 5.8    | 5.1    |
| DPS (€)                  | 0.00  | 0.00   | 0.00   | 0.00   | Source: TPICAP Midcap |        |        |        |
| Yield (%)                | 0.0   | 0.0    | 0.0    | 0.0    |                       |        |        |        |
| FCF (m €)                | 10.1  | 6.1    | 6.4    | 7.2    |                       |        |        |        |

## Key data

|  |                    |
|--|--------------------|
| Price (€)                                | 6.1                |
| Industry                                 | Corporate Services |
| Ticker                                   | STAR7-IT           |
| Shares Out (m)                           | 9.000              |
| Market Cap (m €)                         | 54.9               |
| Average trading volumes (k shares / day) | 0.015              |

Source: FactSet

## Ownership (%)

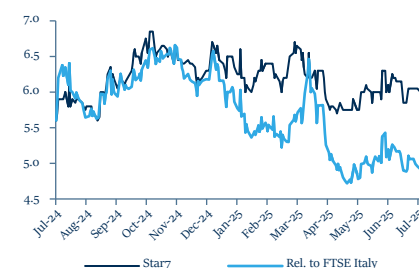
|                  |      |
|------------------|------|
| Dante Srl        | 41.7 |
| Star Ag          | 33.4 |
| ANIMA SGR S.P.A. | 9.5  |
| Free float       | 15.4 |

Source: TPICAP Midcap estimates

| EPS (€)                          | 12/25e | 12/26e | 12/27e |
|----------------------------------|--------|--------|--------|
| Estimates                        | 0.90   | 1.05   | 1.20   |
| Change vs previous estimates (%) | -18.67 | -15.39 | -12.58 |

Source: TPICAP Midcap estimates

| Performance (%) | 1D  | 1M   | YTD   |
|-----------------|-----|------|-------|
| Price Perf      | 0.8 | -2.4 | -3.2  |
| Rel FTSE Italy  | 2.4 | -5.6 | -19.6 |



Source: FactSet

Analyst

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## FINANCIAL DATA

| <b>Income Statement</b>                               | <b>12/22</b> | <b>12/23</b> | <b>12/24</b> | <b>12/25e</b> | <b>12/26e</b> | <b>12/27e</b> |
|---|--------------|--------------|--------------|---------------|---------------|---------------|
| Sales   | 85.0         | 105.6        | 121.1        | 123.3         | 130.3         | 137.5         |
| Changes (%)   | 41.6         | 24.3         | 14.7         | 1.7           | 5.7           | 5.5           |
| Gross profit  | 79.3         | 100.2        | 115.4        | 117.5         | 124.5         | 131.7         |
| % of Sales  | 93.3         | 94.9         | 95.3         | 95.4          | 95.6          | 95.8          |
| <b>EBITDA</b>   | <b>15.5</b>  | <b>16.0</b>  | <b>18.8</b>  | <b>20.4</b>   | <b>22.3</b>   | <b>24.3</b>   |
| % of Sales  | 18.3         | 15.2         | 15.5         | 16.5          | 17.1          | 17.7          |
| <b>Current operating profit</b>                       | <b>7.7</b>   | <b>10.0</b>  | <b>13.7</b>  | <b>13.4</b>   | <b>15.1</b>   | <b>16.9</b>   |
| % of Sales  | 9.0          | 9.4          | 11.3         | 10.9          | 11.6          | 12.3          |
| Non-recurring items                                   | -0.1         | -0.1         | -0.4         | -0.1          | -0.1          | -0.1          |
| EBIT  | 7.5          | 10.0         | 13.7         | 13.4          | 15.1          | 16.9          |
| Net financial result                                  | -2.3         | -3.0         | -3.3         | -2.8          | -2.7          | -2.6          |
| Income Tax  | -1.9         | -1.2         | -2.3         | -2.2          | -2.8          | -3.5          |
| Tax rate (%)  | 37.2         | 16.8         | 22.1         | 20.4          | 22.6          | 24.2          |
| <b>Net profit, group share</b>                        | <b>3.1</b>   | <b>5.8</b>   | <b>8.1</b>   | <b>8.4</b>    | <b>9.6</b>    | <b>10.8</b>   |
| EPS   | 0.92         | 0.71         | 0.87         | 0.90          | 1.05          | 1.20          |
| <b>Financial Statement</b>                            | <b>12/22</b> | <b>12/23</b> | <b>12/24</b> | <b>12/25e</b> | <b>12/26e</b> | <b>12/27e</b> |
| Goodwill  | 33.6         | 29.7         | 26.0         | 21.9          | 18.2          | 14.7          |
| Tangible and intangible assets                        | 12.5         | 17.7         | 18.7         | 19.3          | 20.0          | 20.7          |
| Right of Use  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Financial assets                                      | 0.8          | 0.6          | 0.4          | 0.4           | 0.4           | 0.4           |
| Working capital                                       | 24.9         | 31.2         | 25.0         | 26.4          | 28.3          | 30.3          |
| Other Assets  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| <b>Assets</b>   | <b>71.8</b>  | <b>79.2</b>  | <b>70.2</b>  | <b>68.1</b>   | <b>66.9</b>   | <b>66.2</b>   |
| Shareholders equity group                             | 28.3         | 29.6         | 30.5         | 33.4          | 37.4          | 42.6          |
| Minorities  | 1.2          | 2.3          | 2.4          | 3.5           | 4.7           | 5.9           |
| LT & ST provisions and others                         | 7.2          | 9.3          | 9.5          | 9.5           | 9.5           | 9.5           |
| Net debt  | 35.1         | 38.0         | 27.8         | 21.7          | 15.3          | 8.1           |
| Other liabilities                                     | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| <b>Liabilities</b>                                    | <b>71.8</b>  | <b>79.2</b>  | <b>70.2</b>  | <b>68.1</b>   | <b>66.9</b>   | <b>66.2</b>   |
| Net debt excl. IFRS 16                                | 35.1         | 38.0         | 27.8         | 21.7          | 15.3          | 8.1           |
| Gearing net   | 1.2          | 1.2          | 0.8          | 0.6           | 0.4           | 0.2           |
| Leverage  | 2.3          | 2.4          | 1.5          | 1.1           | 0.7           | 0.3           |
| <b>Cash flow statement</b>                            | <b>12/22</b> | <b>12/23</b> | <b>12/24</b> | <b>12/25e</b> | <b>12/26e</b> | <b>12/27e</b> |
| CF after elimination of net borrowing costs and taxes | 12.4         | 12.5         | 12.1         | 12.3          | 13.8          | 16.2          |
| $\Delta$ WCR  | -9.6         | -6.0         | 4.1          | -1.4          | -1.9          | -2.0          |
| Operating cash flow                                   | 2.8          | 6.5          | 16.2         | 11.0          | 11.8          | 14.2          |
| Net capex   | -4.2         | -9.7         | -6.1         | -4.9          | -5.4          | -6.0          |
| FCF   | -1.4         | -3.2         | 10.1         | 6.1           | 6.4           | 7.2           |
| Acquisitions/Disposals of subsidiaries                | -2.2         | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Other investments                                     | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 1.0           |
| Change in borrowings                                  | -1.8         | -6.3         | 5.9          | 0.0           | 0.0           | 0.0           |
| Dividends paid  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Repayment of leasing debt                             | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Equity Transaction                                    | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Others  | 0.1          | 0.0          | -0.0         | 0.0           | 0.0           | 0.0           |
| Change in net cash over the year                      | -5.2         | -9.5         | 16.0         | 6.1           | 6.4           | 9.2           |
| ROA (%)   | 4.8%         | 6.8%         | 10.1%        | 10.7%         | 12.6%         | 14.5%         |
| ROE (%)   | 12.1%        | 18.2%        | 23.3%        | 21.9%         | 22.6%         | 22.5%         |

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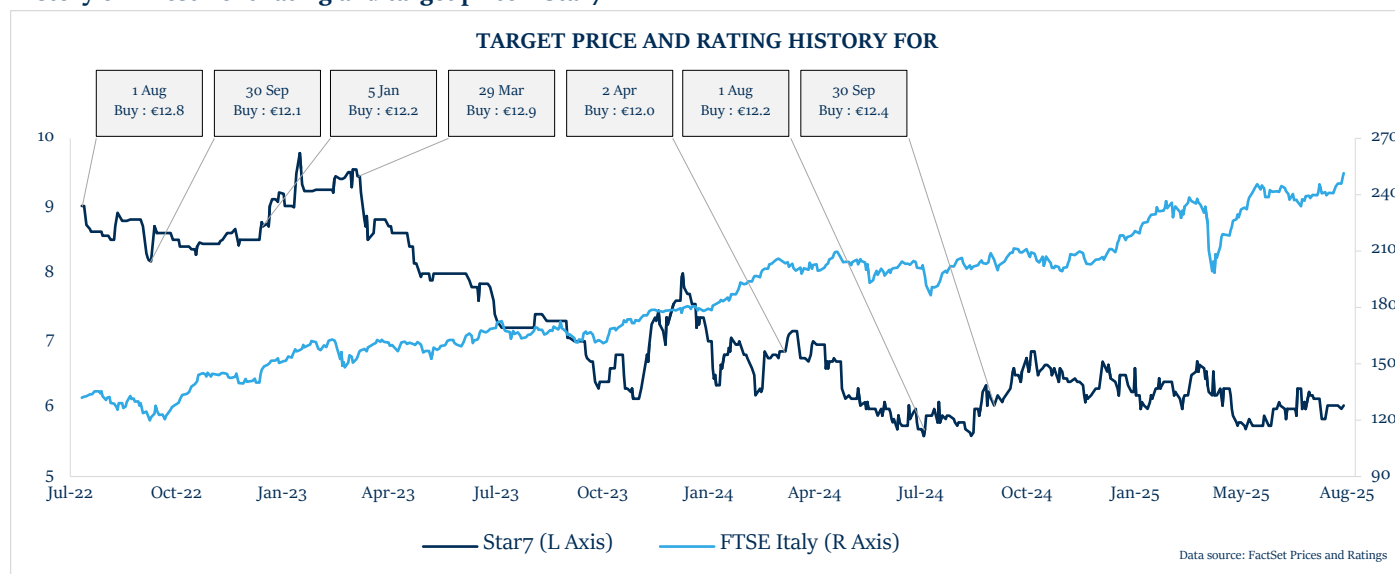
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
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K. Midcap, according to article 3, paragraph 1, numbers (34) and (35) Regulation (EU) No 596/2014, has been commissioned to produce Equity Research for the Company by arrangement with the Specialist engaged by the Company: Star7

## History of investment rating and target price – Star7



## Historical recommendations and target price (-1Y)

| Date                 | Analyst      | Old Target Price | New Target Price | Closing Price | Old Recommendation | New Recommendation |
|----------------------|--------------|------------------|------------------|---------------|--------------------|--------------------|
| 26 Mar 25 - 08:07:49 | Alessio Olmi | € 12.40          | € 12.40          | € 6.70        | Achat              | Buy                |
| 11 Feb 25 - 08:18:32 | Alessio Olmi | € 12.40          | € 12.40          | € 6.00        | Achat              | Buy                |
| 30 Sep 24 - 08:24:28 | Davide Longo | € 12.20          | € 12.40          | € 6.20        | Achat              | Buy                |
| 01 Aug 24 - 08:10:32 | Davide Longo | € 12.00          | € 12.50          | € 5.60        | Achat              | Buy                |

## Distribution of Investment Ratings

| Rating       | Recommendation Universe* | Portion of these provided with investment banking services** |
|--------------|--------------------------|--|
| Buy          | 79%                      | 66%  |
| Hold         | 16%                      | 56%  |
| Sell         | 4%                       | 29%  |
| Under review | 1%                       | 100%   |

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Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

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