

EQUITY RESEARCH

STAR7
RESULTS REVIEW

BUY

TP 12.4€

Up/Downside: 103%

Margin improvement and target confirmed

STAR7's half-year results are broadly in line with our expectations: revenues flat in absolute terms but growing at constant scope and FX, with a clear margin improvement and ongoing deleveraging. The focus on higher value-added contracts and strong international momentum, particularly in Brazil, support visibility. The market reacted positively to the results, with the stock closing up +2.5% yesterday.

STAR7 reported H1 2025 results broadly in line with our expectations, marked by resilient revenues and a clear improvement in profitability. Revenue came in at €59.0m (-2.3% YoY), fully in line with our estimate (~€59m). Adjusted for scope and FX effects, revenues grew despite the voluntary termination of low-margin contracts inherited from CAAR-STI (~€0.5m in H1 2024), illustrating the group's strategic refocus on higher value-added projects.

Profitability was the strongest signal of the release. Adjusted EBITDA reached €9.6m (+4.8% YoY), with a margin of 16.3%, above the lower end of our guidance (€9-10m). Adjusted EBIT stood at €7.6m (+7.5% YoY), while adjusted net income rose to €4.5m (+14.9%), exceeding our expectations thanks to lower costs following business streamlining.

The business mix continued to evolve positively: Experience & Product Knowledge accounted for 33.4% of revenues (vs. 31.7% in FY24), while Engineering increased to 21.0%, supported by growth in Brazil (where STAR7 enjoys a leadership position and above-average margins). Global Content represented 32.6%, while Printing remained stable at 13%. Geographically, Italy declined to 47.8% of revenues, reflecting increasing internationalization, with Brazil rising sharply to 20.5% (vs. 18.1%) and the US stable at 24.7%.

Financial discipline improved, with net debt reduced to €29.5m (vs. €32.7m at end-2024), lowering the ND/EBITDA LTM ratio to 1.6x (vs. 1.8x). The group thus confirms its ability to generate cash while integrating CAAR-STI's assets and strengthening its Brazilian subsidiary, now owned at 76%.

The Brazilian momentum and improving business mix support the case for a gradual re-rating. The company has laid the foundations for a year-end in line with our estimates, during which we expect further operational efficiency gains, paving the way for stronger growth from 2026, with potential M&A in the coming months. We reiterate our BUY recommendation and our €12.4 target price.

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)	6.369
Source: FactSet	

Ownership (%)

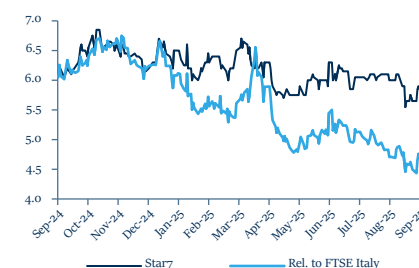
Dante Srl	41.7
Star Ag	33.4
ANIMA SGR S.P.A.	9.5
Free float	15.4

Source: TPICAP Midcap estimates

EPS (€)	12/25e	12/26e	12/27e
Estimates	0.90	1.05	1.20
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	3.4	1.7	-3.2
Rel FTSE Italy	3.5	4.1	-22.1



Source: FactSet

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				

Consensus FactSet - Analysts:2	12/25e	12/26e	12/27e
Sales	123.3	130.3	137.5
EBIT	13.4	15.1	16.9
Net income	8.4	9.6	10.8

Analyst

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FINANCIAL DATA

Income Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
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
EBITDA	15.5	16.0	18.8	20.4	22.3	24.3
% of Sales	18.3	15.2	15.5	16.5	17.1	17.7
Current operating profit	7.7	10.0	13.7	13.4	15.1	16.9
% 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
Net profit, group share	3.1	5.8	8.1	8.4	9.6	10.8
EPS	0.92	0.71	0.87	0.90	1.05	1.20
Financial Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
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
Assets	71.8	79.2	70.2	68.1	66.9	66.2
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
Liabilities	71.8	79.2	70.2	68.1	66.9	66.2
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
Cash flow statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
CF after elimination of net borrowing costs and taxes	12.4	12.5	12.1	12.3	13.8	16.2
ΔWCR	-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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Methodology

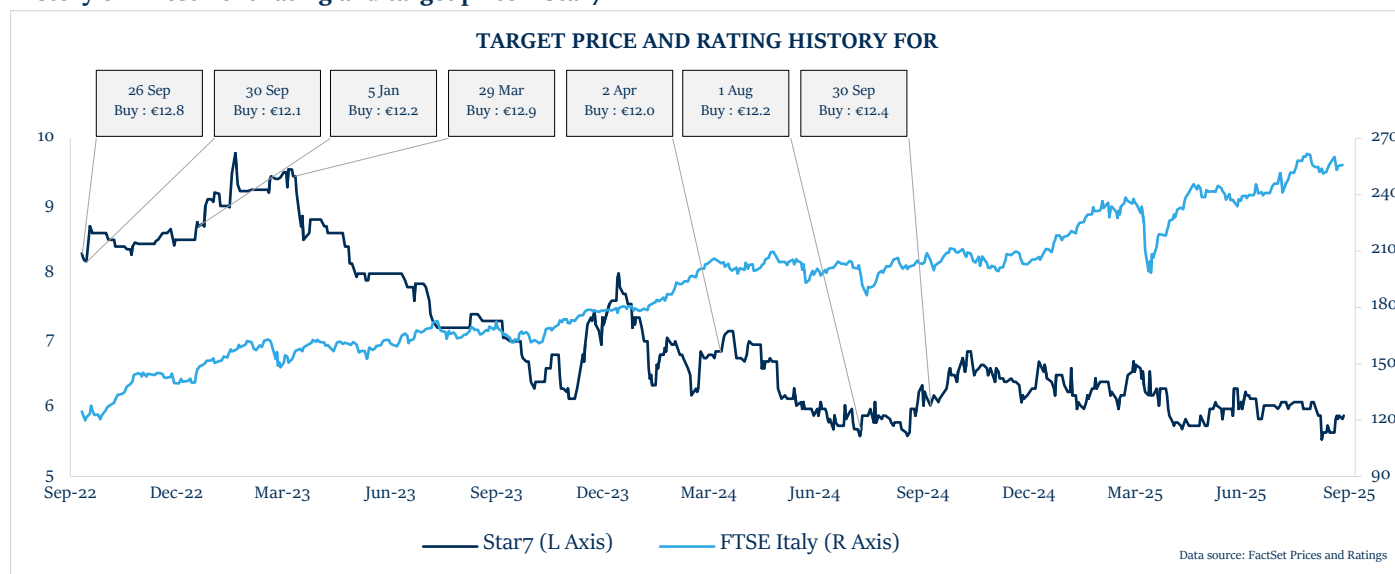
This Report may mention evaluation methods defined as follows:

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.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

Conflict of Interests between TP ICAP Midcap and the Issuer

G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Star7

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
23 Sep 25 - 08:26:42	Alessio Olmi	€ 12.40	€ 12.40	€ 5.85	Achat	Buy
01 Aug 25 - 08:06:33	Alessio Olmi	€ 12.40	€ 10.50	€ 6.10	Achat	Buy
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

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	78%	69%
Hold	17%	54%
Sell	3%	40%
Under review	1%	100%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

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.

The history of ratings and target prices for the Issuers covered in this report are available on request at <https://researchtpicap.midcapp.com/en/disclaimer>.

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