

EQUITY RESEARCH

STAR7
RESULTS REVIEW

BUY

TP 12.4€

Up/Downside: 49%

Sharper Focus, Stronger Fundamentals

STAR7 delivered overall solid FY2025 results, with a modest top-line rationalisation – slightly more pronounced than expected – but accompanied by a meaningful improvement in profitability. Notably, cash generation strengthened, allowing the company to reduce leverage to 1.1x.

The revenue slowdown (€116.1m, -3.1% y/y and -5% vs expectations) largely reflects the rationalisation of certain low-margin projects inherited from CAAR/STI in Brazil, which have now been discontinued. On a like-for-like and constant-currency basis, however, revenues remain broadly stable at €118.7m.

The key positive driver comes from margins: adjusted EBITDA reached €19.4m (+3.5% y/y), with margin expansion of +100 bps to 16.7%, supported by a richer mix skewed towards higher-value services (Engineering, Experience & Product Knowledge) and by the operational efficiency measures implemented during the year. The reorganisation of the Engineering division – including the review of CAAR/STI projects – contributed meaningfully to margin expansion.

Geographically, Brazil continues to gain traction (23% of revenues), supported by up-selling initiatives with a major automotive client. The U.S. market is becoming increasingly strategic following the acquisition of a 20% stake in Almon Inc., with a step-up to 60% expected in April (and to 100% by year-end). We include €7–8m of incremental revenues in our 2026 estimates. The acquisition broadens the Group's exposure to technology-intensive sectors such as agriculture, machinery and defence.

The financial profile also improved: NFP strengthened to -€21.1m, driven by strong operating cash generation and lower capex, bringing leverage down to 1.1x. This provides sufficient headroom to pursue the announced M&A roadmap – small deals in 2026 followed by a potential transformational transaction in 2027–28 – without pressure on the balance sheet.

In our view, FY2025 represents a year of growth normalisation but structural strengthening: a “cleaner” revenue base, a more profitable mix and a more solid operational platform. With the progressive increase in the stake of Almon Inc., international expansion and the growing adoption of AI in operational processes, we expect a return to positive organic growth in 2026. We reiterate our BUY rating, with a €12.4 target price.

TP ICAP Midcap Estimates	12/25	12/26e	12/27e	12/28e	Valuation Ratio	12/26e	12/27e	12/28e
Sales (m €)	117.2	130.9	141.1	148.2	EV/Sales	0.7	0.6	0.5
Current Op Inc (m €)	14.4	16.2	17.8	18.9	EV/EBITDA	4.2	3.5	2.9
Current op. Margin (%)	12.3	12.4	12.6	12.7	EV/EBIT	5.5	4.6	3.8
EPS (€)	0.79	0.90	1.00	1.08	PE	9.3	8.4	7.8
DPS (€)	0.00	0.00	0.00	0.00	Source: TPICAP Midcap			
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	10.5	6.4	8.0	9.6				

Key data

Price (€)	8.4
Industry	Corporate Services
Ticker	STAR7-IT
Shares Out (m)	9.000
Market Cap (m €)	75.1
Next event	H1 2026 - 16.09.2026

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 (€)	12/26e	12/27e	12/28e
Estimates	0.90	1.00	1.08
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	0.0	-0.6	0.0
Rel FTSE Italy	0.3	3.7	1.7



Source: FactSet

Consensus FactSet - Analysts:2	12/26e	12/27e	12/28e
Sales	130.3	137.5	na
EBIT	15.1	16.9	na
Net income	9.6	10.8	na

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FINANCIAL DATA

Income Statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
Sales	105.6	121.1	117.2	130.9	141.1	148.2
Changes (%)	24.3	14.7	-3.2	11.7	7.8	5.0
Gross profit	100.2	115.4	111.7	123.5	133.5	140.7
% of Sales	94.9	95.3	95.3	94.3	94.6	94.9
EBITDA	16.0	18.8	19.4	21.3	23.6	25.0
% of Sales	15.2	15.5	16.6	16.3	16.7	16.9
Current operating profit	10.0	13.7	14.4	16.2	17.8	18.9
% of Sales	9.4	11.3	12.3	12.4	12.6	12.7
Non-recurring items	-0.1	-0.4	-0.1	-0.1	-0.1	-0.1
EBIT	10.0	13.7	14.4	16.2	17.8	18.9
Net financial result	-3.0	-3.3	-3.3	-3.5	-3.5	-3.2
Income Tax	-1.2	-2.3	-2.8	-3.0	-3.7	-4.2
Tax rate (%)	16.8	22.1	25.0	23.9	25.8	26.9
Net profit, group share	5.8	8.1	8.5	9.7	10.6	11.4
EPS	0.60	0.74	0.79	0.90	1.00	1.08
Financial Statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
Goodwill	29.7	26.0	21.4	16.8	12.3	7.8
Tangible and intangible assets	17.7	18.7	19.1	18.3	17.8	17.2
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.6	0.4	0.4	0.4	0.4	0.4
Working capital	31.2	25.0	21.9	25.4	28.0	29.8
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0
Assets	79.2	70.2	62.8	61.0	58.5	55.2
Shareholders equity group	29.6	30.5	32.8	36.2	40.5	45.5
Minorities	2.3	2.4	3.3	4.5	5.7	7.0
LT & ST provisions and others	9.3	9.5	9.5	9.5	9.5	9.5
Net debt	38.0	27.8	21.1	14.6	6.6	-3.0
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	79.2	70.2	66.7	64.8	62.3	59.0
Net debt excl. IFRS 16	38.0	27.8	21.1	14.6	6.6	-3.0
Gearing net	1.2	0.8	0.6	0.4	0.1	-0.1
Leverage	2.4	1.5	1.1	0.7	0.3	-0.1
Cash flow statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
CF after elimination of net borrowing costs and taxes	12.5	12.1	12.4	13.9	16.5	17.7
Δ WCR	-6.0	4.1	3.1	-3.5	-2.6	-1.8
Operating cash flow	6.5	16.2	15.5	10.3	13.9	15.9
Net capex	-9.7	-6.1	-5.0	-3.9	-4.9	-5.3
FCF	-3.2	10.1	10.5	6.4	8.0	9.6
Acquisitions/Disposals of subsidiaries	0.0	0.0	-3.8	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	1.0	1.0
Change in borrowings	-6.3	5.9	0.0	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	0.0	-0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	-9.5	16.0	6.7	6.4	10.0	11.6
ROA (%)	6.8%	10.1%	12.2%	13.9%	16.0%	18.3%
ROE (%)	18.2%	23.3%	23.3%	23.4%	23.1%	22.2%
ROCE (%)	10.3%	8.2%	12.1%	12.3%	16.0%	18.3%

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This Report may mention evaluation methods defined as follows:

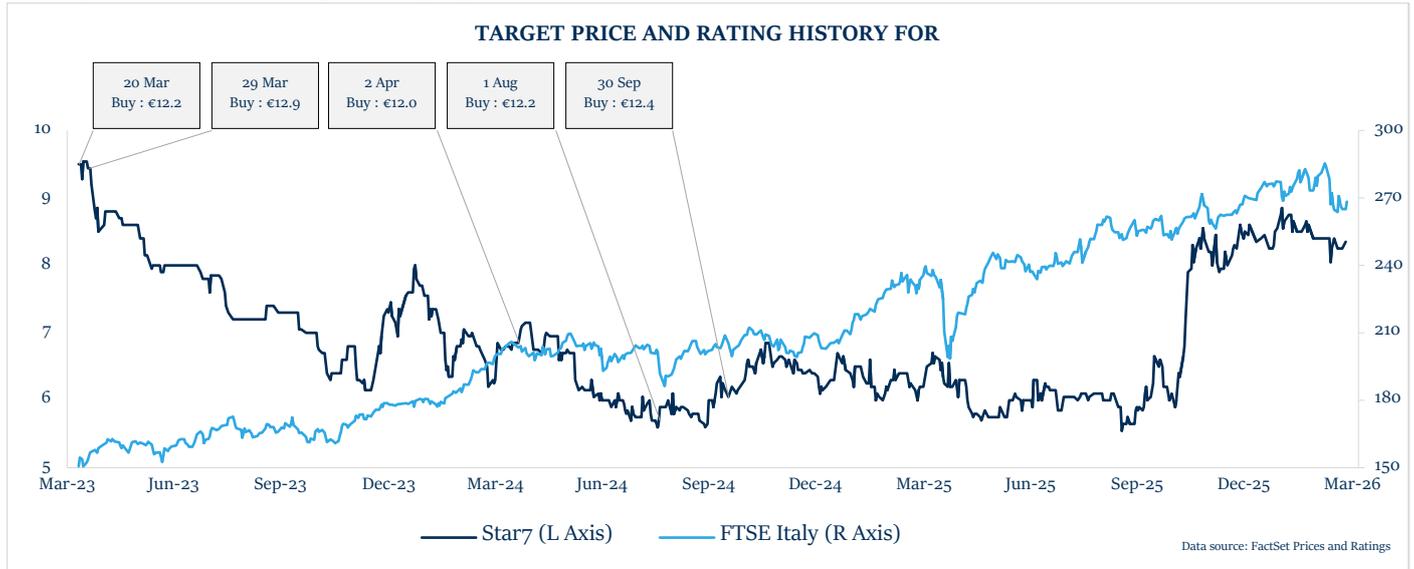
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's 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
18 Mar 26 - 08:34:24	Alessio Olmi	€ 12.40	€ 12.40	€ 8.35	Buy	Buy
25 Sep 25 - 08:29:12	Alessio Olmi	€ 12.40	€ 12.40	€ 6.10	Buy	Buy
23 Sep 25 - 08:26:42	Alessio Olmi	€ 12.40	€ 12.40	€ 5.85	Buy	Buy
01 Aug 25 - 08:06:33	Alessio Olmi	€ 12.40	€ 10.50	€ 6.10	Buy	Buy
26 Mar 25 - 08:07:49	Alessio Olmi	€ 12.40	€ 12.40	€ 6.70	Buy	Buy

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	72%	72%
Hold	20%	58%
Sell	3%	40%
Under review	4%	86%

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.

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