

# EQUITY RESEARCH

## STAR7 RESULTS REVIEW

**BUY**  
**TP 12.4€**  
Up/Downside: 107%

### STAR7 accelerates its growth: +15% turnover

STAR7 has published its 2024 revenue, confirming a solid performance in line with the first half of the year. The company closed the year with revenue of around €120 million, up 15%, accompanied by strong cash generation and the completion of the acquisition of CAAR SpA for around €5.8 million.

Last night, the company announced preliminary revenue for 2024 of €120 million, up 15% year-on-year from €104 million in 2023. At constant exchange rates, revenue would have reached €122 million (+17% YoY). This growth was accompanied by strong cash generation, thanks to rigorous working capital management. The geographical distribution confirms an increase in the share of foreign markets, areas with higher margins, with significant expansion in the United States (26% of revenue, compared to 23% in 2023) and Brazil (19%, compared to 17%), while Italy now accounts for 49% of turnover (compared to 53%).

In terms of breakdown by Service Line, Global Content remains the main contributor with 35%, the Engineering segment increases its weight with 20% of revenue (vs. 19% in 2023), while Experience and Product Knowledge reach 32% (vs. 29%). The Printing division fell to 13% (vs. 16%).

On 13 January 2025, STAR7 completed the definitive acquisition of CAAR SpA and STI Srl, after a management period that began in January 2023. This transaction strengthens STAR7's presence in the Defense, Automotive and Commercial Vehicles sectors, with a major impact in Brazil, a key market for engineering. The cost of the acquisition amounts to €5.8 million, without the assumption of the financial debts of the acquired companies. In addition, STAR7 is in the process of finalizing the purchase of an additional 10% of CAAR do Brasil for €520k, bringing its stake to 76%.

The integration of new businesses and international expansion provide a solid foundation for improved margins and cash generation. Pending the Company's full results, which will provide more details on the profitability and integration of CAAR SpA, we remain confident in the value that STAR7 demonstrates. We cautiously maintain our price target at €12.4 and reiterate our BUY recommendation, supported by strong organic growth, an effective internationalization strategy and a proven ability to generate cash.

#### Key data

|  |                    |
|--|--------------------|
| Price (€)                                | 6.0                |
| Industry                                 | Corporate Services |
| Ticker                                   | STAR7-IT           |
| Shares Out (m)                           | 9.000              |
| Market Cap (m €)                         | 54.0               |
| Average trading volumes (k shares / day) | 0.015              |

Source: FactSet

#### Ownership (%)

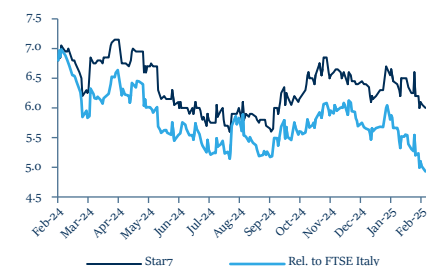
|                  |      |
|------------------|------|
| Dante Srl        | 41.7 |
| Star Ag          | 33.4 |
| ANIMA SGR S.P.A. | 9.5  |
| Free float       | 15.4 |

Source: TPICAP Midcap estimates

| EPS (€)                          | 12/24e | 12/25e | 12/26e |
|----------------------------------|--------|--------|--------|
| Estimates                        | 0.80   | 0.96   | 1.11   |
| Change vs previous estimates (%) | 0.00   | 0.00   | 0.00   |

Source: TPICAP Midcap estimates

| Performance (%) | 1D   | 1M    | YTD   |
|-----------------|------|-------|-------|
| Price Perf      | -0.8 | -7.0  | -4.8  |
| Rel FTSE Italy  | -1.4 | -12.9 | -13.2 |



Source: FactSet

| TP ICAP Midcap Estimates | 12/23 | 12/24e | 12/25e | 12/26e | Valuation Ratio       | 12/24e | 12/25e | 12/26e |
|--------------------------|-------|--------|--------|--------|-----------------------|--------|--------|--------|
| Sales (m €)              | 105.6 | 120.7  | 127.9  | 135.2  | EV/Sales              | 0.7    | 0.7    | 0.6    |
| Current Op Inc (m €)     | 10.0  | 12.4   | 14.3   | 16.1   | EV/EBITDA             | 5.0    | 4.2    | 3.5    |
| Current op. Margin (%)   | 9.5   | 10.3   | 11.2   | 11.9   | EV/EBIT               | 7.0    | 5.8    | 4.7    |
| EPS (€)                  | 0.71  | 0.80   | 0.96   | 1.11   | PE                    | 7.5    | 6.3    | 5.4    |
| DPS (€)                  | 0.00  | 0.00   | 0.00   | 0.00   | Source: TPICAP Midcap |        |        |        |
| Yield (%)                | 0.0   | 0.0    | 0.0    | 0.0    |                       |        |        |        |
| FCF (m €)                | -3.2  | 10.8   | 3.5    | 7.4    |                       |        |        |        |

Analyst

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## FINANCIAL DATA

| <b>Income Statement</b>                               | <b>12/21</b> | <b>12/22</b> | <b>12/23</b> | <b>12/24e</b> | <b>12/25e</b> | <b>12/26e</b> |
|---|--------------|--------------|--------------|---------------|---------------|---------------|
| Sales   | 60.0         | 85.0         | 105.6        | 120.7         | 127.9         | 135.2         |
| Changes (%)   | 34.6         | 41.6         | 24.3         | 14.3          | 6.0           | 5.7           |
| Gross profit  | 56.3         | 79.8         | 99.9         | 115.1         | 122.3         | 129.6         |
| % of Sales  | 93.7         | 93.9         | 94.6         | 95.3          | 95.6          | 95.8          |
| <b>EBITDA</b>   | <b>8.3</b>   | <b>15.5</b>  | <b>14.6</b>  | <b>17.6</b>   | <b>19.8</b>   | <b>21.8</b>   |
| % of Sales  | 13.8         | 18.3         | 13.8         | 14.5          | 15.5          | 16.1          |
| <b>Current operating profit</b>                       | <b>5.2</b>   | <b>11.8</b>  | <b>10.0</b>  | <b>12.4</b>   | <b>14.3</b>   | <b>16.1</b>   |
| % of Sales  | 8.6          | 13.9         | 9.5          | 10.3          | 11.2          | 11.9          |
| Non-recurring items                                   | -0.1         | -0.1         | -0.1         | -0.1          | -0.1          | -0.1          |
| EBIT  | 5.1          | 11.6         | 10.0         | 12.4          | 14.3          | 16.0          |
| Net financial result                                  | -0.6         | -2.3         | -3.0         | -3.0          | -2.9          | -2.8          |
| Income Tax  | -0.9         | -1.9         | -1.2         | -2.2          | -2.9          | -3.5          |
| Tax rate (%)  | 19.8         | 20.8         | 16.8         | 23.2          | 25.3          | 26.7          |
| <b>Net profit, group share</b>                        | <b>3.3</b>   | <b>7.1</b>   | <b>5.4</b>   | <b>6.1</b>    | <b>7.3</b>    | <b>8.5</b>    |
| EPS   | 0.43         | 0.92         | 0.71         | 0.80          | 0.96          | 1.11          |
| <b>Financial Statement</b>                            | <b>12/21</b> | <b>12/22</b> | <b>12/23</b> | <b>12/24e</b> | <b>12/25e</b> | <b>12/26e</b> |
| Goodwill  | 35.5         | 33.6         | 29.7         | 31.1          | 26.9          | 23.1          |
| Tangible and intangible assets                        | 12.0         | 12.5         | 17.7         | 18.4          | 19.0          | 19.6          |
| Right of Use  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Financial assets                                      | 0.3          | 0.8          | 0.6          | 0.6           | 0.6           | 0.6           |
| Working capital                                       | 15.3         | 24.9         | 31.2         | 28.2          | 33.6          | 36.0          |
| Other Assets  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| <b>Assets</b>   | <b>63.1</b>  | <b>71.8</b>  | <b>79.2</b>  | <b>78.3</b>   | <b>80.1</b>   | <b>79.3</b>   |
| Shareholders equity group                             | 24.6         | 28.3         | 29.6         | 32.6          | 36.7          | 42.1          |
| Minorities  | 0.9          | 1.2          | 2.3          | 3.3           | 4.5           | 5.7           |
| LT & ST provisions and others                         | 5.7          | 7.2          | 9.3          | 9.3           | 9.3           | 9.3           |
| Net debt  | 31.9         | 35.1         | 38.0         | 33.1          | 29.5          | 22.2          |
| Other liabilities                                     | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| <b>Liabilities</b>                                    | <b>63.1</b>  | <b>71.8</b>  | <b>79.2</b>  | <b>78.3</b>   | <b>80.1</b>   | <b>79.3</b>   |
| Net debt excl. IFRS 16                                | 31.9         | 35.1         | 38.0         | 33.1          | 29.5          | 22.2          |
| Gearing net   | 1.3          | 1.2          | 1.2          | 0.9           | 0.7           | 0.5           |
| Leverage  | 3.9          | 2.3          | 2.6          | 1.9           | 1.5           | 1.0           |
| <b>Cash flow statement</b>                            | <b>12/21</b> | <b>12/22</b> | <b>12/23</b> | <b>12/24e</b> | <b>12/25e</b> | <b>12/26e</b> |
| CF after elimination of net borrowing costs and taxes | 7.7          | 12.4         | 12.5         | 12.3          | 14.0          | 15.4          |
| $\Delta$ WCR  | 2.2          | -9.6         | -6.0         | 3.0           | -5.3          | -2.4          |
| Operating cash flow                                   | 9.9          | 2.8          | 6.5          | 15.3          | 8.6           | 13.0          |
| Net capex   | -6.1         | -4.2         | -9.7         | -4.6          | -5.1          | -5.6          |
| FCF   | 3.8          | -1.4         | -3.2         | 10.8          | 3.5           | 7.4           |
| Acquisitions/Disposals of subsidiaries                | -31.6        | -2.2         | 0.0          | -5.8          | 0.0           | 0.0           |
| Other investments                                     | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Change in borrowings                                  | 33.1         | -1.8         | -6.3         | -4.8          | -2.8          | -2.8          |
| 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                                    | 11.8         | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Others  | 0.0          | 0.1          | 0.0          | 0.0           | 0.0           | 0.0           |
| Change in net cash over the year                      | 17.4         | -5.2         | -9.5         | 0.1           | 0.7           | 4.5           |
| ROA (%)   | 5.7%         | 10.3%        | 7.3%         | 9.2%          | 10.6%         | 12.3%         |
| ROE (%)   | 14.6%        | 26.2%        | 19.7%        | 22.1%         | 23.1%         | 23.1%         |

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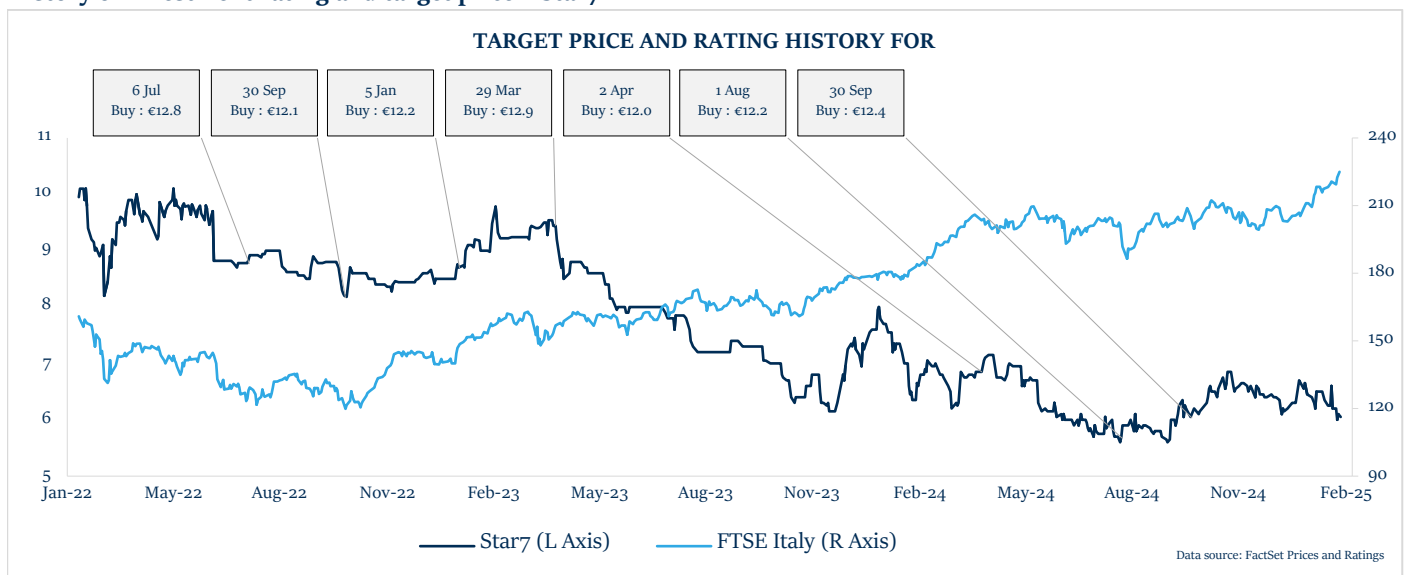
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's 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.
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### 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 |
|----------------------|--------------|------------------|------------------|---------------|--------------------|--------------------|
| 11 Feb 25 - 08:18:32 | Alessio Olmi | € 12.40          | € 12.40          | € 6.00        |                    |                    |

## Distribution of Investment Ratings

| Rating       | Recommendation Universe* | Portion of these provided with investment banking services** |
|--------------|--------------------------|--|
| Buy          | 80%                      | 63%  |
| Hold         | 15%                      | 72%  |
| Sell         | 3%                       | 20%  |
| Under review | 2%                       | 100%   |

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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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