Intermonte

Milan, 01 October 2025

Italian Equity Research – 1H25 Results

STAR7

BUY

Sector: Industrials

Price: Eu6.15 - **Target: Eu11.20**

M&A and AI to Shape the Future of Product Information Services

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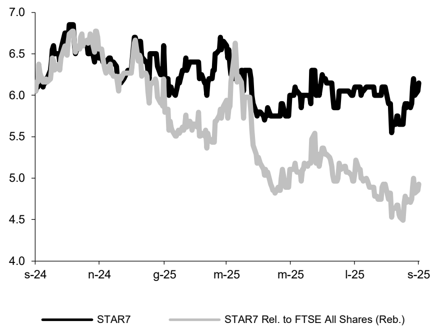
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 11.00 to 11.20
	2025E	**2026E**	**2027E**
Chg in Adj EPS	4.9%	3.0%	1.9%

STAR7 - 12M Performance



Stock Data			
Reuters code:			STAR7.MI
Bloomberg code:			STAR7 IM
Performance	**1M**	**3M**	**12M**
Absolute	0.8%	-1.6%	1.7%
Relative	-0.3%	-8.8%	-23.2%
12M (H/L)			6.85/5.55
3M Average Volume (th):			2.67

Shareholder Data	
No. of Ord shares (mn):	9
Total no. of shares (mn):	9
Mkt Cap Ord (Eu mn):	55
Total Mkt Cap (Eu mn):	55
Mkt Float - Ord (Eu mn):	14
Mkt Float (in %):	24.9%
Main Shareholder:	
Dante Srl	41.7%

Balance Sheet Data	
Book Value (Eu mn):	36
BVPS (Eu):	4.05
P/BV:	1.5
Net Financial Position (Eu mn):	-26
Enterprise Value (Eu mn):	81

1H25 results confirmed the resilience of STAR7's revenues despite exposure to sectors currently operating in challenging environments, with the company managing to expand margins significantly while reducing net debt. With the assets of the company formerly known as CAAR now fully integrated, contributing ~20% of total revenues, and the added boost of a new Tier-1 client in Brazil, the Group is structurally stronger, leaving it well placed for its next phase of profitable growth. We appreciate STAR7's cost discipline and margin expansion, as well as its clear roadmap: targeted bolt-on acquisitions are currently being assessed, with a view to a transformational deal by 2027 to lay the foundations for reaching €200mn in revenues in 2028. Meanwhile, the roll-out of STAR7AI solutions (Smart7 & Global7) should turn AI into a tangible competitive advantage, reinforcing another structural growth driver.

- **Resilient top line, international growth.** STAR7 confirmed the resilience of its business model, delivering broadly flat revenues at €59mn (-2.3% YoY, slightly up at constant scope/ForEx) despite the discontinuation of low-margin ex-CAAR contracts and the challenging backdrop in the auto industry, which accounts for ~40% of group turnover. The geographical and business mix continues to improve: Engineering rose to 21% of revenues, partly thanks to a new Tier-1 automotive client in Brazil, while Experience & Product Knowledge remained the largest contributor at 33.4%. The weight of Italy fell below 50%, with Brazil up to 20.5% and the US stable at 24.7%, confirming the success of an internationalisation strategy that is reducing dependence on the domestic market.
- **Margin expansion underpinned by mix and efficiency.** Profitability improved significantly, with adj. EBITDA at €9.6mn (+5% YoY) and the margin up 110bp to 16.3%, supported by portfolio optimisation, discontinuation of non-strategic projects, efficiency gains, and the full ramp-up of offshoring to Albania. Adj. net profit grew +17% YoY to €4.5mn, confirming the translation of operational improvements into earnings. Strong cash generation led to a further reduction in net debt to €29.5mn (from €32.7mn adj. at YE24), with the NFP/EBITDA ratio improving to 1.6x (vs. 1.8x at YE24 and 2.6x at YE23). The stronger financial profile, supported by a balanced debt structure and no short-term refinancing needs, enhances STAR7's flexibility for both organic and external growth.
- **Change in estimates.** We are trimming our revenue forecasts by ~3% to €120mn/€127mn/€136mn for FY25/26/27. Nevertheless, we are improving the expected margin trajectory, with the FY25 adj. EBITDA margin now seen at 16.2% from 15.7% in the previous report, rising to 16.6%/16.9% in FY26/27, supported by cost rationalisation, offshoring and the scaling up of high-tech business lines. On the bottom line, we are raising our net profit forecasts to €9.0mn for FY25 (+4.9% vs. prev.), and €10.6/11.9mn for FY26/FY27. We are also further lowering our CapEx assumptions, keeping them below 2.5% of annual revenues, net of M&A, which supports continued deleveraging (NFP expected at €14.4mn by YE27, NFP/EBITDA 0.6x).
- **BUY confirmed; target revised from €11.0 to €11.2.** Our updated DCF/peer comparison yields a fair value of €11.2ps, implying ~85% upside. At our new TP, STAR7 would trade at 6.6x/5.7x 2025/26 EV/EBITDA. We confirm our positive view on the stock, with the ongoing buyback expected to provide further short-term support.

Key Figures & Ratios	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Sales (Eu mn)	106	121	121	128	136
EBITDA Adj (Eu mn)	16	19	19	21	23
Net Profit Adj (Eu mn)	7	8	9	11	12
EPS New Adj (Eu)	0.644	0.907	1.001	1.175	1.319
EPS Old Adj (Eu)	0.644	0.907	0.954	1.141	1.294
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	6.8	4.8	4.2	3.6	3.0
EV/EBIT Adj	9.5	6.5	5.5	4.5	3.7
P/E Adj	9.5	6.8	6.1	5.2	4.7
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	2.4	1.5	1.3	0.9	0.6

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.
A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.
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BUY: stock expected to outperform the market by over 25% over a 12 month period;
OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;
UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
SELL: stock expected to underperform the market by over 25% over a 12 month period.
Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	30.30%
OUTPERFORM:	38.64%
NEUTRAL:	31.06%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	49.35%
OUTPERFORM:	32.47%
NEUTRAL:	18.18%
UNDERPERFORM:	00.00%
SELL:	00.00%

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