

POWERSOFT

Sector: Industrial

Sound results across the board. Demand back on track

Powersoft reported a positive set of 2021 results with EBITDA slightly better than our estimate. We believe that the ongoing full recovery of the reference markets should trigger further growth. Powersoft is trading at 6.0x 2022 EV/EBITDA, at significant discount versus peers (-50% vs. B&C Speakers). We reiterate our BUY rating with TP to Eu7.4/share from Eu6.9 (>50% upside) The increase reflects the higher than expected 2021 Net Cash and the rerating of B&C.

- FY21 revenues in line with our estimates, a touch better EBITDA with profitability at 15%.** FY21 revenues came in at Eu33.7mn, increasing by 7% and in line with our estimate. From a geographical standpoint, North America led the growth with +62% yoy, landing at Eu6.8mn. Europe was flat yoy reaching Eu15.5mn, while Middle-east marked a +58% yoy at Eu0.8mn. EBITDA came in better than expected at Eu5mn/15% margin, up by 10% yoy and +13% compared to our projection, despite the headwinds from chip shortage and the increase in transport costs. EBIT was Eu2.6mn from 2mn in 2020, while net profit landed at Eu2.3mn. FCF was impressive (Eu7.5mn), mostly thanks to changes in working capital dynamics, which was positive for Eu4.4mn, and after Eu1.3mn of capex. Net cash position was positive for Eu20mn, up from Eu11.4mn in 2020. The BoD has proposed dividend of Eu0.15/share, for the first time since the IPO.
- Outlook keeps improving but component shortages are still a key point to monitor.** The group confirmed that orders are increasing double-digit. After the recovery of the fixed installations market in 2021 (the main revenue generator of the group), demand is also back on track in the live events segment. The company sees international markets to experience a gradual recovery, also thanks the ability to launch new products (TTM audio signal and processing platform) and invests in R&D (Eu3.4mn or ca. 10% of sales in 2021). Powersoft has strengthened its presence into strategic international areas thanks to the opening of its representative office in Shenzhen (China) and the relocation of the US office. Direct exposure to Russian-Ukraine conflict is not material. The persistent shortage of components is the main cap to growth at the moment. Powersoft is reacting with anticipating orders, diversification of suppliers and product re-design.
- We confirm our estimates.** We maintain our estimates broadly unchanged. All in all, we expected FY22 revenues to reach Eu40mn, up 18.6% yoy with adj. EBITDA at Eu6.3mn or 15.7% margin. The strong BS of Powersoft gives the chance to invest in strategic M&A deals. Assuming a target post-deal group Net Debt / EBITDA of 1x (we do not think that the BS can be significantly leveraged) and acquisition multiple at 8x 2022 EV/EBITDA of the target, we estimate an M&A fire power of around Eu32mn.
- BUY reiterated with TP to Eu7.4/share (from Eu6.9).** Powersoft is trading at 6.0x 2022 EV/EBITDA, at significant discount versus peers (-50% vs. B&C Speakers). We confirm our BUY rating. We increase our TP to Eu7.4/share from Eu6.9 (> 50% upside) based on the average of DCF and EV/EBITDA-EBIT of B&C Speakers (after 10% discount). The increase reflects the higher than expected 2021 Net Cash and the rerating of B&C.

BUY

Unchanged

TP 7.4

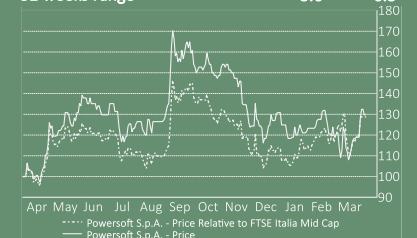
From 6.9

Target price upside 54%

Change in EPS est.	FY22E	FY23E
	nm	nm

Ticker (BBG, Reut)	PWS IM	PWS MI
Share price Ord. (Eu)		4.8
N. of Ord. shares (mn)		11.7
Total N. of shares (mn)		11.7
Market cap (Eu mn)		56
Total Market Cap (EU mn)		56
Free Float Ord. (%)		19%
Free Float Ord. (Eu mn)		11
Daily AVG liquidity Ord. (Eu k)		34

	1M	3M	12M
Absolute Perf.	8.6%	-0.8%	29.7%
Rel.to FTSEMIDCap	10.4%	11.5%	27.8%
52 weeks range		3.6	6.3



	FY21A	FY22E	FY23E
Sales	34	40	47
EBITDA adj.	5.0	6.3	7.9
Net profit adj.	2.3	2.9	4.2
EPS adj.	0.201	0.254	0.360
DPS - Ord.	nm	0.000	0.000
EV/EBITDA adj.	6.9x	5.8x	4.5x
P/E adj.	23.6x	19.6x	13.6x
Dividend yield	0.0%	0.0%	0.0%
FCF yield	14.1%	2.4%	2.6%
Net debt/(Net cash)	(20.0)	(21.9)	(22.9)
Net debt/EBITDA	nm	nm	nm

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Summary Financials

P&L account (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Value of Production	31.4	33.7	40.0	46.5	50.1
Gross margin	na	na	na	na	na
EBITDA reported	4.5	5.0	6.3	7.9	8.5
D&A	(2.0)	(2.0)	(1.8)	(1.7)	(1.7)
EBIT reported	2.0	2.6	4.0	5.7	6.3
Net financial charges	(0.6)	0.4	(0.1)	(0.1)	(0.1)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	1.4	3.0	3.9	5.6	6.2
Taxes	0.3	(0.7)	(1.0)	(1.4)	(1.6)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	1.7	2.3	2.9	4.2	4.7
EBITDA adjusted	4.5	5.0	6.3	7.9	8.5
EBIT adjusted	2.0	2.6	4.0	5.7	6.3
Net profit adjusted	1.5	2.3	2.9	4.2	4.7

Margins (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Gross margin	na	na	na	na	na
EBITDA margin (adj)	14.5%	14.9%	15.7%	16.9%	16.9%
EBIT margin (adj)	6.5%	7.7%	9.9%	12.2%	12.5%
Pre-tax margin	4.5%	8.8%	9.8%	12.1%	12.4%
Net profit margin (adj)	4.6%	6.7%	7.3%	9.1%	9.3%

Growth rates (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Sales	-17.8%	7.3%	18.6%	16.3%	7.8%
EBITDA	-29.0%	10.3%	25.5%	25.1%	7.8%
EBITDA adjusted	-29.0%	10.3%	25.5%	25.1%	7.8%
EBIT	-49.0%	27.2%	53.8%	42.9%	10.6%
EBIT adjusted	-49.0%	27.2%	53.8%	42.9%	10.6%
Pre-tax	-64.8%	109.5%	32.3%	43.4%	10.7%
Net profit	-42.2%	29.9%	29.9%	43.4%	10.7%
Net profit adjusted	-51.9%	55.9%	29.9%	43.4%	10.7%

Per share data	FY20A	FY21A	FY22E	FY23E	FY24E
Shares	11.074	11.385	11.710	11.710	11.710
Shares diluted	11.074	11.385	12.907	12.907	12.907
Saving shares	0.000	0.000	0.000	0.000	0.000
Treasury shares	0.000	0.000	0.925	0.925	0.925
N. of shares AVG	11.074	11.230	11.547	11.710	11.710
N. of shares diluted AVG	11.074	11.230	11.982	11.982	11.982
EPS	0.157	0.201	0.254	0.360	0.398
EPS adjusted	0.131	0.201	0.254	0.360	0.398
DPS - Ord.	0.000	0.000	0.000	0.000	0.000
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	1.896	2.232	2.516	2.841	3.240

Enterprise value (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Share price Ord. (Eu)	4.1	4.7	4.8	4.8	4.8
Market cap Diluted	45.5	53.4	57.5	57.5	57.5
Net debt/(Net cash)	(9.7)	(20.0)	(21.9)	(22.9)	(27.0)
Adjustments	1.0	1.3	1.1	1.2	1.3
Enterprise value	36.8	34.7	36.7	35.8	31.8

Cash flow (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
EBITDA reported	4.5	5.0	6.3	7.9	8.5
Net financial charges	(0.6)	0.4	(0.1)	(0.1)	(0.1)
Cash taxes	0.3	(0.7)	(1.0)	(1.4)	(1.6)
Ch. in Working Capital	(4.0)	4.4	(2.0)	(3.4)	(0.7)
Other operating items	(0.4)	(0.3)	(0.2)	0.1	0.1
Operating cash flow	(0.2)	8.8	3.1	3.2	6.3
Capex	(1.4)	(1.3)	(1.7)	(1.7)	(1.7)
FCF	(1.5)	7.5	1.4	1.5	4.6
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	0.2	1.8	1.1	0.0	0.0
Others	(0.0)	1.4	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Ch. in NFP	(1.3)	10.8	2.5	1.5	4.6

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Capex/VoP	4.3%	3.9%	4.2%	3.6%	3.3%
Capex/D&A	0.7x	0.7x	0.9x	1.0x	1.0x
FCF/EBITDA	nm	150.3%	22.2%	19.0%	54.3%
FCF/Net profit	nm	333.1%	47.6%	35.6%	98.8%
Dividend pay-out	0.0%	0.0%	0.0%	0.0%	0.0%

Balance sheet (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital	8.9	3.6	5.6	9.0	9.7
Fixed assets	3.4	2.7	2.6	2.5	2.5
Provisions & others	(1.0)	(1.3)	(1.1)	(1.2)	(1.3)
Net capital employed	11.3	5.1	7.1	10.3	10.9
Net debt/(Net cash)	(9.7)	(20.0)	(21.9)	(22.9)	(27.0)
Equity	21.0	25.1	29.1	33.3	37.9
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital/VoP	28.4%	10.6%	14.0%	19.4%	19.4%
Net debt/Equity	nm	nm	nm	nm	nm
Net debt/EBITDA	nm	nm	nm	nm	nm

Valuation	FY20A	FY21A	FY22E	FY23E	FY24E
EV/CE	3.0x	5.5x	4.5x	3.1x	2.6x
P/BV	2.2x	2.1x	2.0x	1.7x	1.5x
EV/Sales	1.2x	1.0x	0.9x	0.8x	0.6x
EV/EBITDA	8.1x	6.9x	5.8x	4.5x	3.8x
EV/EBITDA adjusted	8.1x	6.9x	5.8x	4.5x	3.8x
EV/EBIT	18.1x	13.5x	9.2x	6.3x	5.1x
EV/EBIT adjusted	18.1x	13.5x	9.2x	6.3x	5.1x
P/E	26.1x	14.8x	12.1x	8.2x	6.5x
P/E adjusted	31.3x	23.6x	19.6x	13.6x	12.3x
ROCE pre-tax	19.1%	27.6%	54.6%	57.4%	52.7%
ROE	6.9%	9.0%	10.1%	12.7%	12.3%
EV/FCF	-24.4x	4.6x	26.2x	23.9x	6.9x
FCF yield	-3.3%	14.1%	2.4%	2.6%	8.0%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

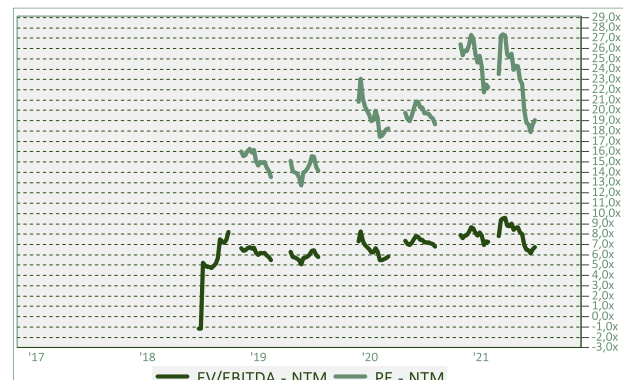
Share price performance

Market price down YTD



Valuation

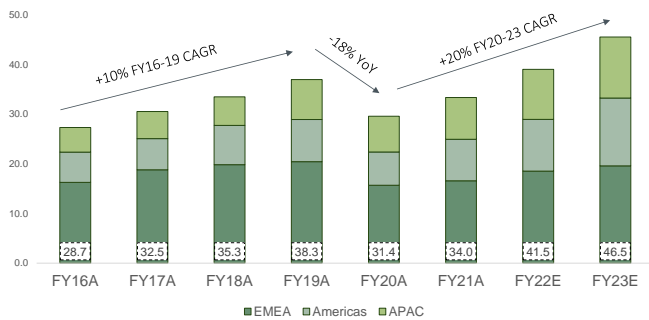
Recent de-rating from record high multiples



Key Charts

Powersoft – VoP (FY16-23E)

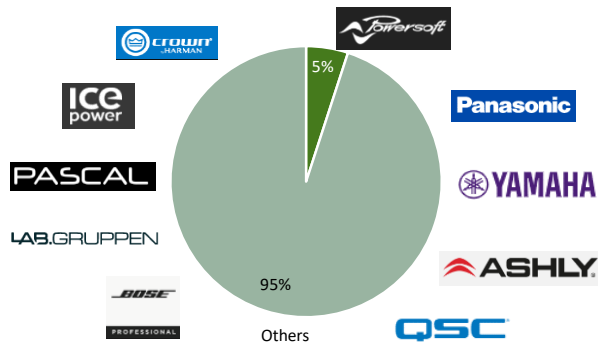
+20% VoP CAGR over FY20-23 with Americas / APAC being the best performers



Source: Alantra estimate

Powersoft's estimated market share in rack amplifiers

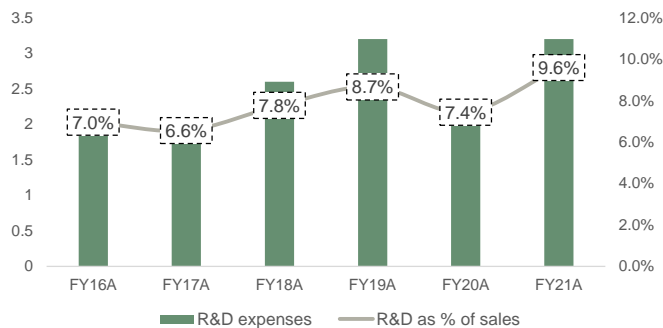
We estimate a market share of 5% in 2019 in professional rack amplifiers (the core business of Powersoft)



Source: Alantra estimate

Powersoft – R&D expenses

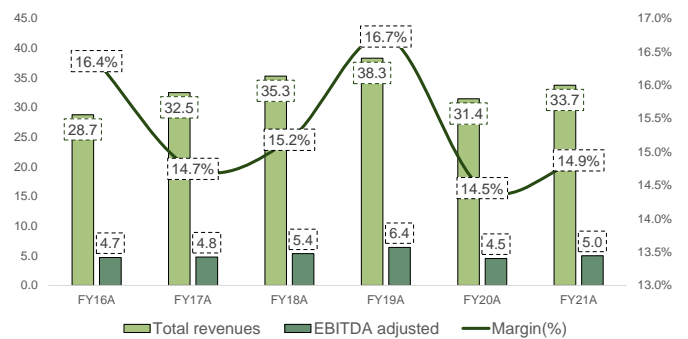
R&D expenses are constantly at high single digit



Source: Powersoft data as for 2016-2020, Alantra Estimates

Powersoft – Historical financials

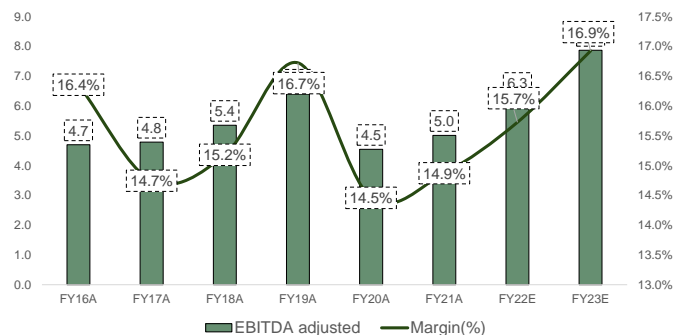
3.2% top line CAGR in 2016-21 with average EBITDA margin above 15%



Source: Powersoft financial reports

Powersoft – Adj. EBITDA and margin (FY16-23E)

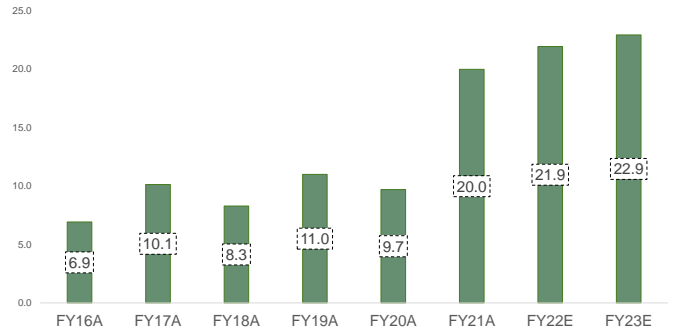
Regain of production volumes and costs efficiencies should translate into EBITDA margin expansion: from 14.5% in 2020 to 16.9% in 2023



Source: Powersoft data as for 2016-2020, Alantra Estimates

Powersoft – Net Cash position

Ample room for acquisitions and/or dividend distribution



Source: Powersoft data, Alantra estimates

Profile

Background	Powersoft is a global leader in the design and manufacturing of high-end patented technologies and solutions for the professional audio sector. The group is specialized in the production of pro-audio power amplifiers, which represent a key part of an audio system (the electronic circuits that increase the power of the electric signal that drives loudspeakers). Powersoft key products are rack amplifiers (systems) - for both touring and fixed installations - amplification modules (components, to be assembled into OEM's active loudspeakers) and other audio products, estimated at >90% of sales. Safety multimedia devices, sound controllers and transducers complement the product offering.
Positioning	We believe that the group is a leading global player with estimated market share of 5% in the core business of rack amplifiers. We struggle to find independent product specialists with a similar positioning. The German group IcePower and the Danish player Pascal are mainly producers of professional module amplifiers. Other competitive brands are part of larger multi-brand conglomerates, including the Swedish Lab.Gruppen (acquired in 2015 by the Philippian group Music Tribe) and Crown (part of the US group Harman, acquired by Samsung in 2016). Other competitors are large mono-brand integrated groups, including Bose Professional, Panasonic, Yamaha, Ashly and QSC. Powersoft's technologies are protected by trademarks. In addition, the group significantly invests in innovation (R&D on sales at 7-8% on average over the last 5 years; 30% of the workforce in R&D). The group has established strong reputation, links and relationships with top clients (Pioneer, Bose, Panasonic, RCF and others) and distributors. Powersoft also supplies module amplifiers to the top loudspeaker brands (L'Acoustics and d&b Audiotechnik).
Growth	Powersoft has grown faster than its reference market over the 16-19 period (10.6% vs +8.9%) powered by continuous R&D investments in product innovation and product offering expansion and by the strengthening of the global distribution network. Powersoft should continue to outperform the reference market (expected to grow at +3.5% CAGR over 19-26E and 7.4% over 20-26E) in the coming years. Looking forward, we see a 20% revenue CAGR over FY20-23 with Americas and APAC being the best performers. Regain of production volumes and costs efficiencies should translate into EBITDA growing faster than revenues and EBITDA margin expanding from 14.5% in 2020 to 16.9% in 23.
Strategy	At the beginning of 2021, Powersoft started a new strategic chapter (i) from being just a product supplier to being a solution provider for installers, and (ii) from large installations requiring high power amplifiers to the large addressable market of small commercial installations. Over the last few years, the company has been significantly investing to reinforce its distribution network in US and China, the two largest addressable markets expected to account for over 40% of the total Professional Amplifier market by 2025. Powersoft can use M&A to optimize the capital structure, enhance its growth profile and further improve the competitive positioning. We estimate a fire power of around Eu20mn. Dividend policy could be significantly enhanced in addition and as an alternative to M&A. As a frontrunner in innovation in the professional audio industry, R&D efforts of the company will be deployed in the development of new products and new solutions for this market. On top the company is now working on different projects to enlarge its product offering and penetrate new markets.

<p style="text-align: center;">Strengths</p> <p>Pioneer in the development of class D professional amplifiers R&D driven business model Established production and distribution set-up and strong links with top clients</p>	<p style="text-align: center;">Weaknesses</p> <p>Many competitors are part of larger and more diversified groups Lower than average market share in US and China Inefficient capital structure (strong cash pile)</p>	
<p style="text-align: center;">Opportunities</p> <p>Expansion of the product portfolio and addressed market segments Market share gain in US and China Selective M&A to increase market share in amplifiers and/or expand in other products</p>	<p style="text-align: center;">Threats</p> <p>Technological obsolescence Potential disruptions in the supply chain of key components Change in consumer habits with reduction of live events</p>	
<p style="text-align: center;">Key shareholders</p> <p>Evolve S.r.l. 80.95%</p>	<p style="text-align: center;">Management</p> <p>Carlo Lastrucci - Chairman Luca Lastrucci - CEO Claudio Lastrucci - R&D Antonio Peruch - Production Engineering Luca Giorgi - Sales and Business Development Gianmaria Guarini - Operation Akira Mochimaru - Global Marketing Massimo Ghedini - Finance and IR</p>	<p style="text-align: center;">Next events</p> <p>Shareholders' meeting FY21: 28/04/22 1H22 results: 29/09/22</p>

2H/FY21 Results

2H/FY21 Results

EBITDA was slightly better than expected

Eu mn					Alantra				Alantra			
	2H20A	2H21A	YoY%	2H21E	A vs E	FY20A	FY21A	YoY%	FY21E	A vs E		
Total Revenues	16.6	17.6	6%	16.9	4%	31.4	33.7	7%	33.0	2%		
EBITDA Reported	3.1	2.9	-6%	2.3	25%	4.5	5.0	10%	4.4	13%		
<i>Ebitda Margin %</i>	19%	17%		14%		14%	15%		13%			
EBIT Reported	1.7	1.7	3%	1.0	65%	2.0	2.6	27%	1.9	35%		
<i>Ebit Margin %</i>	10%	10%		6%		6%	8%		6%			
Restated Net Profit	0.60	1.35	124%	0.48	182%	1.45	2.26	56%	1.39	63%		
<i>Net Profit Margin %</i>	5%	8%		3%		6%	7%		4%			
NFP end of the period	9.7	20.0		13.6		9.7	20.0		13.6			

Source: Company data and Alantra estimates

Change in estimates

Change in estimates

We maintain our estimates broadly unchanged

(Eu mn)	NEW estimates				Change				OLD estimates			
	FY21A	FY22E	FY23E	FY24E	FY21A	FY22E	FY23E	FY24E	FY21E	FY22E	FY23E	FY24E
Total Revenues / Value of Production	33.7	40.0	46.5	50.1	7.3%	0.0%	0.0%	na	31.4	40.0	46.5	na
EBITDA Reported	5.0	6.3	7.9	8.5	10.3%	0.0%	0.0%	na	4.5	6.3	7.9	na
EBIT Reported	2.6	4.0	5.7	6.3	27.2%	3.8%	3.5%	na	2.0	3.8	5.5	na
Pretax Profit	3.0	3.9	5.6	6.2	109.5%	3.9%	3.6%	na	1.4	3.8	5.4	na
Net profit	2.3	2.9	4.2	4.7	29.9%	3.9%	3.6%	na	1.7	2.8	4.1	na
EPS	0.199	0.251	0.360	0.398	51.7%	-1.8%	-2.0%	na	0.131	0.255	0.367	na
Net financial position	20.0	21.9	22.9	27.0	(10.3)	(6.5)	(4.6)	na	9.7	15.5	18.3	na

Source: Company data and Alantra estimates

M&A fire power

M&A fire power

With the current capital structure and a target leverage at 1.0x Net Debt/EBITDA, we estimate an M&A firepower of Eu32mn in 2022

	Acquisition multiple (EV/EBITDA)				
	6.0x	7.0x	8.0x	9.0x	10.0x
EBITDA of the target - Eu mn					
2022	5.6	4.7	4.0	3.5	3.1
Additional Debt (Deals 100% financed with debt) - Eu mn					
2022	33.9	32.9	32.3	31.8	31.4
Target Net debt/EBITDA of the group post-deals	1.0x				

Source: Company data and Alantra estimates

Peers

Trading multiples

At current market price, the stock is at huge discount vs peers on 2022/2023E multiples

Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE			
			FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	
POWERSOFT	ITALY	56	0.9 x	0.8 x	0.6 x	5.8 x	4.5 x	3.8 x	9.2 x	6.3 x	5.1 x	12.1 x	8.2 x	6.5 x	
Premium (discount) to Peers' Median			-76%	-73%	-71%	-66%	-69%	-66%	-55%	-63%	-68%	-54%	-67%	-70%	
PEERS			Average	3.3 x	2.8 x	2.4 x	20.4 x	13.0 x	10.6 x	22.9 x	16.5 x	19.4 x	29.1 x	31.4 x	23.512
			Median	3.9 x	2.9 x	2.2 x	17.2 x	14.5 x	11.0 x	20.3 x	17.0 x	15.7 x	26.1 x	24.5 x	21.7 x
B&C Speakers S.p.A.	ITALY	148	2.7 x	2.5 x	2.4 x	13.2 x	11.8 x	11.0 x	15.6 x	13.7 x	13.2 x	19.9 x	17.7 x	16.5 x	
Focusrite PLC	UNITED KINGDOM	902	4.2 x	3.9 x	3.7 x	17.2 x	16.3 x	15.4 x	20.3 x	19.4 x	18.3 x	26.1 x	25.9 x	25.9 x	
Sound Peers			Average	3.4 x	3.2 x	3.1 x	15.2 x	14.0 x	13.2 x	18.0 x	16.5 x	15.7 x	23.0 x	21.8 x	21.2
			Median	3.4 x	3.2 x	3.1 x	15.2 x	14.0 x	13.2 x	18.0 x	16.5 x	15.7 x	23.0 x	21.8 x	21.2 x
Carel Industries SpA	ITALY	2,325	na	na	na	na	na	na	na	na	na	42.7 x	37.8 x	34.2 x	
Eurotech S.p.A.	ITALY	136	1.5 x	1.2 x	1.2 x	10.4 x	6.5 x	6.3 x	16.5 x	8.5 x	9.3 x	17.4 x	8.8 x	12.6 x	
SECO S.p.A.	ITALY	639	3.9 x	3.2 x	na	17.1 x	13.5 x	na	22.6 x	17.0 x	na	33.1 x	23.1 x	17.5 x	
Italian Electronics Peers			Average	2.7 x	2.2 x	1.2 x	13.8 x	10.0 x	6.3 x	19.5 x	12.7 x	9.3 x	31.0 x	23.3 x	21.4 x
			Median	2.7 x	2.2 x	1.2 x	13.8 x	10.0 x	6.3 x	19.5 x	12.7 x	9.3 x	33.1 x	23.1 x	17.5 x
Live Nation Entertainment, Inc.	UNITED STATES	23,750	2.0 x	1.7 x	1.5 x	22.5 x	18.2 x	15.6 x	45.9 x	30.8 x	23.3 x	nm	95.6 x	45.4 x	
CTS Eventim AG & Co. KGaA	GERMANY	5,954	4.4 x	3.2 x	2.9 x	22.1 x	15.6 x	13.5 x	28.6 x	18.3 x	15.7 x	50.6 x	32.6 x	28.4 x	
Madison Square Garden Sports Corp. Class A	UNITED STATES	3,174	6.3 x	5.8 x	5.3 x	nm	nm	nm	nm	nm	nm	nm	nm	nm	
GL Events SA	FRANCE	498	1.0 x	0.8 x	0.4 x	5.7 x	4.6 x	2.6 x	10.4 x	7.8 x	3.9 x	14.1 x	9.8 x	7.5 x	
Eventbrite, Inc. Class A	UNITED STATES	1,151	4.1 x	2.9 x	2.0 x	54.6 x	17.4 x	9.8 x	na	na	51.9 x	na	na	nm	
Live Events Companies			Average	3.5 x	2.9 x	2.4 x	26.2 x	13.9 x	10.4 x	28.3 x	19.0 x	23.7 x	32.3 x	46.0 x	27.1 x
			Median	4.1 x	2.9 x	2.0 x	22.3 x	16.5 x	11.6 x	28.6 x	18.3 x	19.5 x	32.3 x	32.6 x	28.4 x
Company	Country	Mkt Cap (Eu mn)	P/BV			Dividend Yield			FCF Yield			Net Debt/EBITDA			
			FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	
PEERS			Average	5.6 x	10.2 x	15.8 x	0.8%	1.0%	0.7%	3.8%	6.0%	6.4%	2.1 x	1.4 x	0.3 x
			Median	5.9 x	6.2 x	5.7 x	0.4%	0.5%	0.0%	3.1%	4.1%	4.4%	1.7 x	1.5 x	0.2 x
B&C Speakers S.p.A.	ITALY	148	4.6 x	4.0 x	3.5 x	2.6%	3.0%	3.0%	4.2%	5.7%	6.6%	0.2 x	nm	nm	
Focusrite PLC	UNITED KINGDOM	902	7.2 x	6.2 x	5.4 x	0.4%	0.5%	0.5%	3.1%	4.1%	4.4%	nm	nm	nm	
Sound Peers			Average	5.9 x	5.1 x	4.5 x	1.5%	1.7%	1.8%	3.7%	4.9%	5.5%	0.2 x	nm	nm
			Median	5.9 x	5.1 x	4.5 x	1.5%	1.7%	1.8%	3.7%	4.9%	5.5%	0.2 x	nm	nm
Carel Industries SpA	ITALY	2,325	9.7 x	8.1 x	6.8 x	0.7%	0.8%	0.9%	na	na	na	0.5 x	0.3 x	nm	
Eurotech S.p.A.	ITALY	136	1.2 x	1.0 x	1.0 x	0.0%	0.0%	0.0%	3.9%	8.8%	6.8%	nm	nm	nm	
SECO S.p.A.	ITALY	639	3.8 x	3.3 x	2.6 x	0.0%	0.0%	0.0%	0.5%	2.7%	4.0%	2.4 x	1.5 x	0.6 x	
Italian Electronics Peers			Average	4.9 x	4.1 x	3.5 x	0.2%	0.3%	0.3%	nm	6%	5%	1.4 x	0.9 x	0.6 x
			Median	3.8 x	3.3 x	2.6 x	0.0%	0.0%	0.0%	nm	6%	5%	1.4 x	0.9 x	0.6 x
Live Nation Entertainment, Inc.	UNITED STATES	23,750	na	53.2 x	19.6 x	0.0%	0.0%	0.0%	3.0%	3.7%	4.1%	1.0 x	0.3 x	nm	
CTS Eventim AG & Co. KGaA	GERMANY	5,954	9.2 x	7.6 x	6.5 x	0.9%	1.5%	1.8%	1.0%	3.9%	3.2%	nm	nm	nm	
Madison Square Garden Sports Corp. Class A	UNITED STATES	3,174	na	na	106.0 x	0.0%	0.0%	0.0%	1.2%	1.3%	1.6%	5.9 x	3.2 x	0.1 x	
GL Events SA	FRANCE	498	1.0 x	0.9 x	0.6 x	2.3%	3.6%	0.0%	12.5%	16.5%	19.2%	2.8 x	2.0 x	0.2 x	
Eventbrite, Inc. Class A	UNITED STATES	1,151	8.4 x	7.5 x	6.0 x	na	na	na	4.9%	7.0%	7.6%	nm	nm	nm	
Green Power Generators			Average	6.2 x	17.3 x	27.7 x	0.8%	1.3%	0.4%	4.5%	6.5%	7.1%	3.2 x	1.8 x	0.2 x
			Median	8.4 x	7.5 x	6.5 x	0.5%	0.8%	0.0%	3.0%	3.9%	4.1%	2.8 x	2.0 x	0.2 x

Source: Alantra estimates and Factset

Financials

Selected peers enjoy better margins than Powersoft but with lower growth potential

Company	Country	Mkt Cap (Eu mn)	FY22E - FY24E average margins					CAGR FY21A - FY24E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	Net Profit
POWERSOFT	ITALY	56	16.5%	11.5%	8.6%	3.7%	0.0%	14.1%	19.2%	34.4%	27.3%
B&C Speakers S.p.A.	ITALY	148	21.1%	17.8%	12.9%	1.6%	51.6%	13.5%	19.0%	22.9%	21.0%
Focusrite PLC	UNITED KINGDOM	902	24.2%	20.4%	14.4%	na	12.7%	4.7%	0.6%	-0.5%	-4.4%
Sound Peers	Average		22.6%	19.1%	13.6%	1.6%	32.2%	9.1%	9.8%	11.2%	8.3%
	Median		22.6%	19.1%	13.6%	1.6%	32.2%	9.1%	9.8%	11.2%	8.3%
Carel Industries SpA	ITALY	2,325	20.0%	15.5%	11.9%	4.0%	30.2%	9.8%	9.0%	10.3%	10.4%
Eurotech S.p.A.	ITALY	136	16.7%	11.3%	8.7%	5.7%	0.0%	17.0%	36.7%	49.5%	52.9%
SECO S.p.A.	ITALY	639	24.1%	19.4%	11.7%	3.8%	0.0%	37.9%	49.4%	69.3%	60.4%
Italian Electronics companies	Average		20.3%	15.4%	10.8%	4.5%	10.1%	21.5%	31.7%	43.1%	41.2%
	Median		20.0%	15.5%	11.7%	4.0%	0.0%	17.0%	36.7%	49.5%	52.9%
Live Nation Entertainment, Inc.	UNITED STATES	23,750	9.2%	5.4%	1.9%	2.6%	0.0%	40.5%	nm	nm	nm
CTS Eventim AG & Co. KGaA	GERMANY	5,954	20.6%	17.0%	10.8%	2.6%	49.0%	64.4%	nm	nm	nm
Madison Square Garden Sports Corp. Class A	UNITED STATES	3,174	7.6%	11.8%	3.9%	0.1%	0.0%	25.7%	nm	nm	nm
GL Events SA	FRANCE	498	16.7%	10.0%	4.3%	6.1%	22.8%	22.1%	nm	nm	nm
Eventbrite, Inc. Class A	UNITED STATES	1,151	14.9%	-5.2%	-8.5%	1.9%	na	32.7%	nm	nm	nm
Live events companies	Average		13.8%	7.8%	2.5%	2.7%	17.9%	37.1%	nm	nm	nm
	Median		14.9%	10.0%	3.9%	2.6%	11.4%	32.7%	nm	nm	nm

Source: Alantra estimates and Factset

Performance

The stock is down 20% in the last 6 months. B&C was up 20% over the same period

Company	Country	Mkt Cap (Eu mn)	Performance						
			1M	3M	6M	1YR	3YR	5YR	YTD
POWERSOFT	ITALY	56	8.6%	-0.8%	-15.8%	29.7%	-8.6%	na	-0.8%
PEERS	Average		-0.2%	-10.3%	-0.1%	15.7%	51.1%	147.4%	-11.0%
	Median		-0.8%	-7.4%	-3.6%	11.7%	13.6%	25.9%	-11.3%
B&C Speakers S.p.A.	ITALY	148	4.7%	-2.5%	24.5%	16.5%	8.3%	16.6%	-2.5%
Focusrite PLC	UNITED KINGDOM	902	21.5%	-11.3%	-21.7%	18.7%	169.4%	500.5%	-11.3%
Carel Industries SpA	ITALY	2,325	5.7%	-12.6%	-1.3%	33.9%	137.2%	na	-12.6%
Eurotech S.p.A.	ITALY	136	-18.7%	-24.2%	-23.4%	-25.6%	-8.8%	151.9%	-24.2%
SECO S.p.A.	ITALY	639	-18.9%	-35.4%	-3.6%	na	na	na	-35.4%
Live Nation Entertainment, Inc.	UNITED STATES	23,750	-2.6%	-1.7%	29.1%	39.0%	85.1%	287.4%	-1.7%
CTS Eventim AG & Co. KGaA	GERMANY	5,954	-1.0%	-3.6%	-5.0%	25.4%	46.8%	70.9%	-3.6%
Madison Square Garden Sports Corp. Cl	UNITED STATES	3,174	3.7%	3.2%	-3.5%	-0.1%	-14.2%	25.9%	3.2%
Eventbrite, Inc. Class A	UNITED STATES	1,151	-2.3%	-15.3%	-21.9%	-33.3%	-23.0%	na	-15.3%

Source: Alantra estimates and Factset

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