

POWERSOFT

Sector: Industrial

Margin surprise in 1H

Powersoft delivered a strong set of 1H results. While top line growth was in line with our expectations, profitability was a positive surprise: 1H22 EBITDA on sales of 19%, up from 13% in 1H21 and back to pre-covid levels. Product mix and price increases were the key drivers. The current cash pile protects from recession headwinds and can accelerate M&A opportunities. We mainly improve FY22-24E EBITDA margins and include a dividend distribution in 2023-24 in line with the pay-out of 2022. Our new estimates are relatively conservative and discount the current macro uncertainty. Powersoft is trading at 3.8x 2023 EV/EBITDA, at severe discount vs peers (-45% vs. B&C Speakers). We reiterate our BUY rating with TP to Eu7.4/share (67% upside)

- 1H22 revenues up 25% yoy/+7% vs. pre covid level, fuelled by internationalization.** 1H22 revenues came in at Eu19.7mn, increasing by 24.7% yoy and overcoming 1H19 level by +7%. The increase in top-line was mainly driven by the internationalization path. North America led the growth with growth above +39% yoy, landing at Eu5.6mn, followed by Europe with 26% yoy growth to Eu10mn. APAC registered a slowdown (-7% yoy) to Eu2.8mn (very likely linked to lockdowns) but 3Q indicators are supportive. According to the group, *Install* segment has propelled the positive performance in 1H22, sustaining the company's cross-sector diversification (Venues, Hospitality, Retail, etc.). *Live* segment registered an upward trend due to post-covid rebound.
- Positive surprise on margins.** Despite the current macroeconomic headwinds, Powersoft delivered 1H22 EBITDA to Eu3.7mn (+77% yoy), 19% on sales, up from 13% in 1H21 and back to pre-covid levels. The increase, higher than expected, has been mainly attributable to 1) product-mix and 2) price-mix. We believe that in a scenario of strong demand and shortage of components, Powersoft decided to push growth in the most profitable segments. In addition, the group managed two increases in the price lists during the year. We also highlight that Powersoft leveraged on its internal R&D and was able to reengineer products on the base of the available components to mitigate supply chain constrains. EBIT was Eu2.5mn (13% on sales) from Eu0.9mn (5%) in 1H21, while net profit landed at Eu1.4mn. FCF was remarkable at Eu2.4mn, mainly from operations with change in NWC close to nil and capex of only Eu0.9mn. Net cash position was Eu21.3mn, up from Eu20mn at YE21.
- The repositioning strategy is paying off, 2H looks supportive.** Management foresees a continuation of the positive trend in 2H22, thanks to the performance of both *Install* and *Live* segments. Internationalization is expected to trigger further growth in key regions, such as US, also on the back of the investments made in human resources, a new office and the strategic repositioning as a Solution Provider from pure supplier. The important cash pile, in the current uncertain context, has a double advantage in our view: protection in case of a recession and fire power for potential M&A. 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.
- We improve FY22-24E EBITDA margins and assume dividend distribution in 2023-24.** We slightly increase our revenues projections (c. +2%) for FY22-24E. We increase EBITDA for FY22/23/24E by 13.6%/12.4%/12.4% respectively, amid price and mix enhancements in 1H22. We now expect FY22 revenues of Eu41mn, up 22% yoy with a still conservative EBITDA at Eu7.1mn/17.4% margin, due to current context of macro uncertainty and risk of recession. We also included in our estimates the distribution of dividends in 2023-24 with a pay-out in line with 2022 (75%).
- BUY reiterated with TP of Eu7.4/share.** Powersoft is trading at 3.8x 2023 EV/EBITDA, at severe discount versus peers (-45% vs. B&C Speakers). We confirm our BUY rating and TP of Eu7.4/share (67% upside), the positive revisions of our estimates are offset by a market-to-market of DCF and de-rating of market multiples of peers.

BUY

Unchanged

TP 7.4

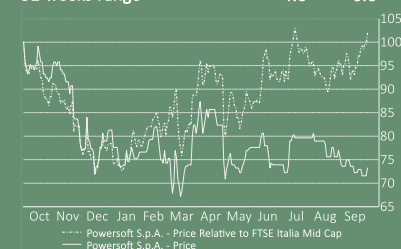
From 7.4

Target price upside 67%

Change in EPS est.	FY22E	FY23E
	21.6%	17.2%

Ticker (BBG, Reut)	PWS IM	PWS MI
Share price Ord. (Eu)		4.4
N. of Ord. shares (mn)		11.7
Total N. of shares (mn)		11.7
Market cap (Eu mn)		52
Total Market Cap (EU mn)		52
Free Float Ord. (%)		19%
Free Float Ord. (Eu mn)		10
Daily AVG liquidity Ord. (Eu k)		21

	1M	3M	12M
Absolute Perf.	-5.3%	-3.2%	-27.8%
Rel.to FTSEMIDCap	5.5%	7.8%	0.1%
52 weeks range		4.0	6.0



	FY21A	FY22E	FY23E
Sales	34	41	48
EBITDA adj.	5.0	7.1	8.8
Net profit adj.	2.3	3.6	4.9
EPS adj.	0.201	0.310	0.422
DPS - Ord.	nm	0.146	0.230
EV/EBITDA adj.	6.9x	4.6x	3.8x
P/E adj.	23.6x	14.7x	10.6x
Dividend yield	3.2%	3.3%	5.2%
FCF yield	14.1%	4.0%	3.5%
Net debt/(Net cash)	(20.0)	(20.9)	(20.5)
Net debt/EBITDA	nm	nm	nm

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Summary Financials (IFRS)

P&L account (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Value of Production	31.4	33.7	41.0	47.5	51.2
Gross margin	na	na	na	na	na
EBITDA reported	4.5	5.0	7.1	8.8	9.5
D&A	(2.0)	(2.0)	(1.8)	(1.7)	(1.7)
EBIT reported	2.0	2.6	4.8	6.6	7.3
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	4.8	6.6	7.3
Taxes	0.3	(0.7)	(1.2)	(1.6)	(1.8)
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	3.6	4.9	5.4
EBITDA adjusted	4.5	5.0	7.1	8.8	9.5
EBIT adjusted	2.0	2.6	4.8	6.6	7.3
Net profit adjusted	1.5	2.3	3.6	4.9	5.4

Margins (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Gross margin	na	na	na	na	na
EBITDA margin (adj)	14.5%	14.9%	17.4%	18.6%	18.6%
EBIT margin (adj)	6.5%	7.7%	11.8%	14.0%	14.3%
Pre-tax margin	4.5%	8.8%	11.6%	13.9%	14.2%
Net profit margin (adj)	4.6%	6.7%	8.7%	10.4%	10.6%

Growth rates (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Sales	-17.8%	7.3%	21.6%	15.9%	7.8%
EBITDA	-29.0%	10.3%	42.5%	23.8%	7.8%
EBITDA adjusted	-29.0%	10.3%	42.5%	23.8%	7.8%
EBIT	-49.0%	27.2%	86.9%	37.8%	10.0%
EBIT adjusted	-49.0%	27.2%	86.9%	37.8%	10.0%
Pre-tax	-64.8%	109.5%	61.1%	38.2%	10.1%
Net profit	-42.2%	29.9%	58.2%	38.2%	10.1%
Net profit adjusted	-51.9%	55.9%	58.2%	38.2%	10.1%

Per share data	FY20A	FY21A	FY22E	FY23E	FY24E
Shares	11.074	11.385	11.725	11.725	11.725
Shares diluted	11.074	11.385	12.907	12.907	12.907
N. of shares AVG	11.074	11.230	11.555	11.725	11.725
N. of shares diluted AVG	11.074	11.230	11.914	11.914	11.914
EPS	0.157	0.201	0.310	0.422	0.464
EPS adjusted	0.131	0.201	0.310	0.422	0.464
DPS - Ord.	0.000	0.150	0.146	0.230	0.319
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	1.896	2.232	2.422	2.659	2.973

Enterprise value (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Share price Ord. (Eu)	4.1	4.7	4.4	4.4	4.4
Market cap Diluted	45.5	53.4	52.7	52.7	52.7
Net debt/(Net cash)	(9.7)	(20.0)	(20.9)	(20.5)	(23.6)
Adjustments	1.0	1.3	1.5	1.3	1.4
Enterprise value	36.8	34.7	33.2	33.4	30.5

Cash flow (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
EBITDA reported	4.5	5.0	7.1	8.8	9.5
Net financial charges	(0.6)	0.4	(0.1)	(0.1)	(0.1)
Cash taxes	0.3	(0.7)	(1.2)	(1.6)	(1.8)
Ch. in Working Capital	(4.0)	4.4	(2.3)	(3.5)	(0.7)
Other operating items	(0.4)	(0.3)	0.2	(0.2)	0.1
Operating cash flow	(0.2)	8.8	3.8	3.5	7.0
Capex	(1.4)	(1.3)	(1.7)	(1.7)	(1.7)
FCF	(1.5)	7.5	2.1	1.8	5.4
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	(1.7)	(2.7)	(3.7)
Ch. in NFP	(1.3)	10.8	1.5	(0.9)	1.6

Ratios (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Capex/VoP	4.3%	3.9%	4.1%	3.5%	3.3%
Capex/D&A	0.7x	0.7x	0.9x	1.0x	1.0x
FCF/EBITDA	nm	150.3%	29.5%	20.5%	56.3%
FCF/Net profit	nm	333.1%	58.8%	36.7%	98.7%
Dividend pay-out	0.0%	75.5%	75.5%	75.5%	75.5%

Balance sheet (Eu mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Working capital	8.9	3.6	5.9	9.4	10.1
Fixed assets	3.4	2.7	2.6	2.5	2.5
Provisions & others	(1.0)	(1.3)	(1.5)	(1.3)	(1.4)
Net capital employed	11.3	5.1	7.0	10.7	11.3
Net debt/(Net cash)	(9.7)	(20.0)	(20.9)	(20.5)	(23.6)
Equity	21.0	25.1	28.0	31.2	34.9
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%	14.4%	19.8%	19.8%
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	3.9x	2.8x	2.4x
P/BV	2.2x	2.1x	1.9x	1.7x	1.5x
EV/Sales	1.2x	1.0x	0.8x	0.7x	0.6x
EV/EBITDA	8.1x	6.9x	4.6x	3.8x	3.2x
EV/EBITDA adjusted	8.1x	6.9x	4.6x	3.8x	3.2x
EV/EBIT	18.1x	13.5x	6.9x	5.0x	4.2x
EV/EBIT adjusted	18.1x	13.5x	6.9x	5.0x	4.2x
P/E	26.1x	14.8x	8.9x	6.5x	5.3x
P/E adjusted	31.3x	23.6x	14.7x	10.6x	9.7x
ROCE pre-tax	19.1%	27.6%	65.0%	65.1%	59.5%
ROE	6.9%	9.0%	12.8%	15.9%	15.6%
EV/FCF	-24.4x	4.6x	15.8x	18.4x	5.7x
FCF yield	-3.3%	14.1%	4.0%	3.5%	10.2%
Dividend yield	0.0%	3.2%	3.3%	5.2%	7.2%

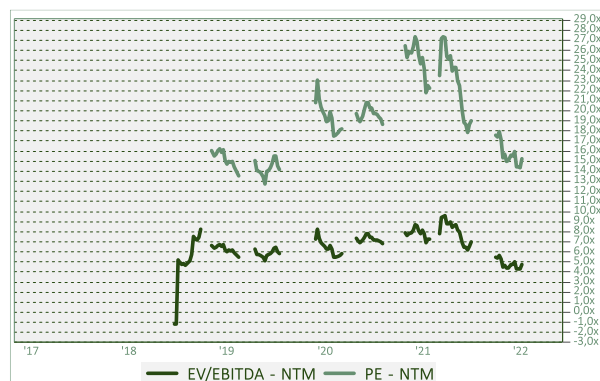
Share price performance

Market price down YTD by 12%



Valuation

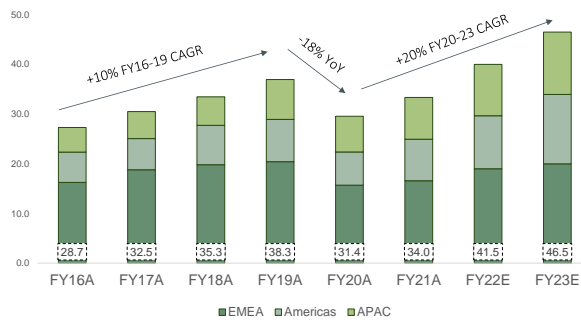
Recent de-rating from record high multiples



Key Charts

Powersoft – VoP (FY16-23E)

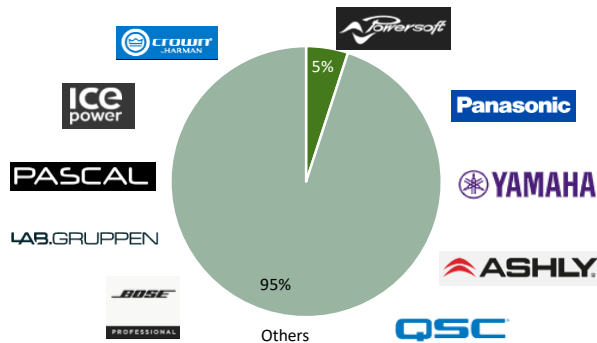
+20% VoP CAGR over FY20-23 with Americas / APAC being the best performers



Source: Alantra estimate

Powersoft's estimated market share in rack amplifiers

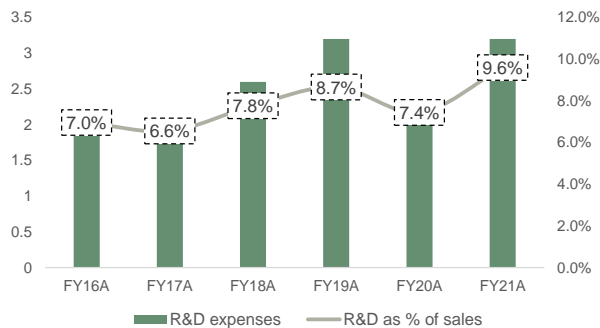
We estimate a market share of 5% in 2019 in professional rack amplifiers (the core business of Powersoft)



Source: Alantra estimate

Powersoft – R&D expenses

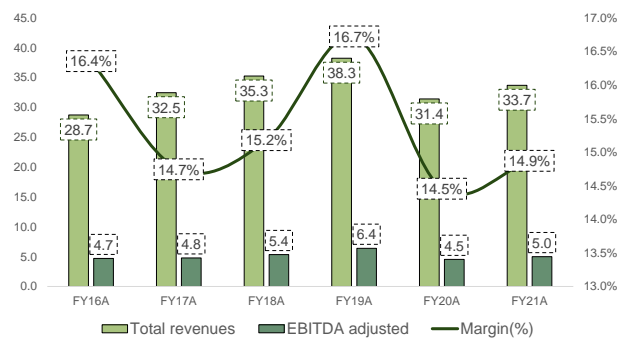
R&D expenses are constantly at high single digit



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

Powersoft – Historical financials

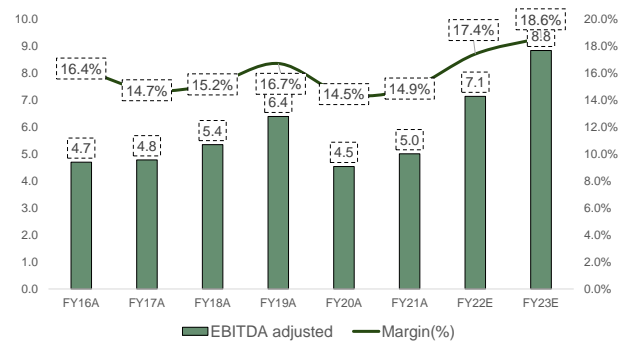
3.2% top line CAGR in 2016-21 with average EBITDA margin above 15%



Source: Powersoft financial reports

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

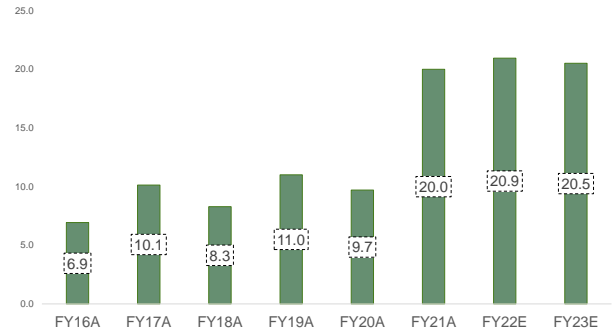
Regain of production volumes and costs efficiencies should translate into EBITDA margin expansion: from 14.5% in 2020 to 16.9% in 2023



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.

Strengths

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

Weaknesses

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)

Opportunities

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

Threats

Technological obsolescence
Potential disruptions in the supply chain of key components
Change in consumer habits with reduction of live events

Key shareholders

Evolve S.r.l. 80.84%

Management

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

Next events

1H22 Results

1H22 Results

1H22 revenues up 25% yoy/+7% vs. pre covid level, fuelled by internationalization. EBITDA was on fleek with margin on sales back on a healthy 19%.

Eu mn	1H21A	1H22A	YoY%	2H21A	Alantra 2H22E	YoY%	FY21A	Alantra FY22E	YoY%
Total Revenues	15.8	19.7	25%	17.9	21.3	19%	33.7	41.0	22%
EBITDA adjusted	2.1	3.7	77%	2.9	3.4	18%	5.0	7.1	43%
<i>Ebitda Margin %</i>	13.2%	18.8%		16.3%	16.2%		14.9%	17.4%	
EBIT adjusted	0.9	2.5	194%	2.1	2.3	11%	2.6	4.8	87%
<i>Ebit Margin %</i>	5.5%	12.9%		11.5%	10.8%		7.7%	11.8%	
Restated Net Profit	0.91	1.40	54%	1.35	2.18	61%	2.26	3.58	58%
<i>Net Profit Margin %</i>	5.8%	7.1%		7.5%	10.2%		6.7%	8.7%	
NFP end of the period	11.4	21.7		20.0	20.9		20.0	20.9	

Source: Company data and Alantra estimates

Change in estimates

Change in estimates

We improve FY22-24E EBITDA margins and assume dividend distribution in 2023-24

(Eu mn)	NEW estimates			Change			OLD estimates		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Total Revenues / Value of Production	41.0	47.5	51.2	2.5%	2.2%	2.2%	40.0	46.5	50.1
EBITDA Reported	7.1	8.8	9.5	13.6%	12.4%	12.4%	6.3	7.9	8.5
EBIT Reported	4.8	6.6	7.3	21.5%	17.2%	16.6%	4.0	5.7	6.3
Pretax Profit	4.8	6.6	7.3	21.8%	17.4%	16.7%	3.9	5.6	6.2
Net profit	3.6	4.9	5.4	21.8%	17.4%	16.7%	2.9	4.2	4.7
EPS	0.305	0.422	0.464	21.6%	17.2%	16.6%	0.251	0.360	0.398
Net financial position	20.9	20.5	23.6	(0.7)	0.7	1.7	20.2	21.2	25.3

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	33.7	32.8	32.1	31.6	31.2
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	50	0.8 x	0.7 x	0.6 x	4.6 x	3.8 x	3.2 x	6.9 x	5.0 x	4.2 x	8.9 x	6.5 x	5.3 x	
Premium (discount) to Peers' Median			-55%	-58%	-53%	-63%	-55%	-57%	-58%	-56%	-56%	-67%	-61%	-62%	
PEERS			Average	2.2 x	1.8 x	1.5 x	11.9 x	8.1 x	6.4 x	18.5 x	11.5 x	9.4 x	22.5 x	20.7 x	16.61
			Median	1.8 x	1.7 x	1.3 x	12.6 x	8.4 x	7.4 x	16.2 x	11.4 x	9.4 x	26.6 x	16.7 x	14.2 x
B&C Speakers S.p.A.			ITALY	1.8 x	1.7 x	1.6 x	8.1 x	7.3 x	7.2 x	9.1 x	8.2 x	8.0 x	12.2 x	10.4 x	9.9 x
Focusrite PLC	UNITED KINGDOM	458	2.6 x	2.2 x	2.1 x	11.4 x	9.7 x	9.2 x	13.6 x	11.8 x	11.2 x	14.9 x	16.0 x	16.3 x	
Sound Peers			Average	2.2 x	1.9 x	1.9 x	9.7 x	8.5 x	8.2 x	11.4 x	10.0 x	9.6 x	13.5 x	13.2 x	13.09
			Median	2.2 x	1.9 x	1.9 x	9.7 x	8.5 x	8.2 x	11.4 x	10.0 x	9.6 x	13.5 x	13.2 x	13.1 x
Carel Industries SpA	ITALY	1,878	na	na	na	na	na	na	na	na	na	31.1 x	26.9 x	23.4 x	
Eurotech S.p.A.	ITALY	99	1.1 x	0.9 x	0.9 x	13.1 x	5.1 x	4.7 x	35.1 x	6.7 x	7.0 x	33.0 x	6.7 x	8.8 x	
SECO S.p.A.	ITALY	475	3.9 x	3.2 x	na	17.1 x	13.5 x	7.6 x	22.6 x	17.0 x	9.9 x	26.6 x	17.4 x	12.2 x	
Italian Electronics Peers			Average	2.5 x	2.1 x	0.9 x	15.1 x	9.3 x	6.2 x	28.8 x	11.9 x	8.4 x	30.2 x	17.0 x	14.8 x
			Median	2.5 x	2.1 x	0.9 x	15.1 x	9.3 x	6.2 x	28.8 x	11.9 x	8.4 x	31.1 x	17.4 x	12.2 x
Live Nation Entertainment, Inc.	UNITED STATES	18,571	1.2 x	1.1 x	0.9 x	12.9 x	11.2 x	9.4 x	23.9 x	18.8 x	15.4 x	nm	59.2 x	37.4 x	
CTS Eventim AG & Co. KGaA	GERMANY	4,026	2.6 x	2.0 x	1.7 x	12.3 x	9.4 x	8.0 x	16.2 x	11.4 x	9.4 x	29.3 x	21.5 x	19.0 x	
Madison Square Garden Sports Corp. Class A	UNITED STATES	2,882	4.3 x	4.3 x	3.9 x	nm	nm	nm	nm	nm	nm	nm	nm	nm	
GL Events SA	FRANCE	423	0.9 x	0.7 x	0.6 x	5.2 x	3.9 x	3.0 x	9.2 x	6.5 x	5.2 x	10.5 x	7.5 x	6.0 x	
Eventbrite, Inc. Class A	UNITED STATES	552	1.1 x	0.6 x	0.3 x	15.3 x	5.1 x	1.8 x	na	na	na	na	na	nm	
Live Events Companies			Average	2.0 x	1.7 x	1.5 x	11.4 x	7.4 x	5.6 x	16.4 x	12.2 x	10.0 x	19.9 x	29.4 x	20.8 x
			Median	1.2 x	1.1 x	0.9 x	12.6 x	7.3 x	5.5 x	16.2 x	11.4 x	9.4 x	19.9 x	21.5 x	19.0 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	50	18.2%	13.3%	9.9%	3.6%	75.5%	15.0%	23.9%	41.5%	34.0%	
B&C Speakers S.p.A.	ITALY	125	22.6%	20.2%	14.5%	1.3%	57.8%	22.6%	30.2%	37.8%	35.3%	
Focusrite PLC	UNITED KINGDOM	458	22.8%	18.8%	11.8%	na	13.5%	2.4%	-3.6%	-5.5%	-9.2%	
Sound Peers			Average	22.7%	19.5%	13.1%	1.3%	35.6%	12.5%	13.3%	16.2%	13.1%
			Median	22.7%	19.5%	13.1%	1.3%	35.6%	12.5%	13.3%	16.2%	13.1%
Carel Industries SpA	ITALY	1,878	20.1%	16.0%	11.9%	3.7%	29.2%	14.1%	13.3%	15.8%	15.1%	
Eurotech S.p.A.	ITALY	99	16.7%	11.3%	8.7%	5.7%	0.0%	17.0%	36.7%	49.5%	52.9%	
SECO S.p.A.	ITALY	475	23.3%	17.1%	10.1%	9.3%	0.0%	40.1%	52.5%	67.2%	59.9%	
Italian Electronics companies			Average	20.0%	14.8%	10.2%	6.2%	9.7%	23.7%	34.2%	44.2%	42.6%
			Median	20.1%	16.0%	10.1%	5.7%	0.0%	17.0%	36.7%	49.5%	52.9%
Live Nation Entertainment, Inc.	UNITED STATES	18,571	9.6%	5.6%	2.1%	2.5%	0.0%	41.5%	nm	nm	nm	
CTS Eventim AG & Co. KGaA	GERMANY	4,026	20.9%	17.0%	11.3%	3.2%	49.0%	64.1%	nm	nm	nm	
Madison Square Garden Sports Corp. Class A	UNITED STATES	2,882	10.9%	14.9%	5.9%	0.3%	0.0%	26.5%	nm	nm	nm	
GL Events SA	FRANCE	423	18.0%	10.5%	4.7%	5.6%	28.1%	18.4%	nm	nm	nm	
Eventbrite, Inc. Class A	UNITED STATES	552	11.2%	-13.6%	-17.1%	1.2%	na	29.5%	nm	nm	nm	
Live events companies			Average	14.1%	6.9%	1.4%	2.6%	19.3%	36.0%	nm	nm	nm
			Median	11.2%	10.5%	4.7%	2.5%	14.1%	29.5%	nm	nm	nm

Source: Alantra estimates and Factset

Performance

The stock is down 10% in the last 6 months, in line with B&C Speakers

Company	Country	Mkt Cap (Eu mn)	Performance						
			1M	3M	6M	1YR	3YR	5YR	YTD
POWERSOFT	ITALY	50	-5.3%	-3.2%	-10.1%	-27.8%	-13.4%	na	-12.0%
PEERS	Average		-13.4%	-15.7%	-26.6%	-25.7%	-9.2%	43.8%	-36.0%
	Median		-12.2%	-8.4%	-28.1%	-27.9%	-13.9%	-6.3%	-35.0%
B&C Speakers S.p.A.	ITALY	125	7.0%	-15.2%	-11.3%	6.5%	-12.0%	-10.5%	-17.4%
Focusrite PLC	UNITED KINGDOM	458	-18.6%	-32.5%	-42.9%	-57.6%	25.0%	161.2%	-52.2%
Carel Industries SpA	ITALY	1,878	-12.9%	1.5%	-19.1%	-18.9%	39.9%	na	-29.4%
Eurotech S.p.A.	ITALY	99	-5.8%	-8.4%	-29.3%	-44.6%	-61.7%	117.9%	-45.1%
SECO S.p.A.	ITALY	475	-25.1%	-37.1%	-36.6%	-31.2%	na	na	-55.3%
Live Nation Entertainment, Inc.	UNITED STATES	18,571	-15.3%	-7.8%	-33.9%	-15.9%	17.2%	80.2%	-35.0%
CTS Eventim AG & Co. KGaA	GERMANY	4,026	-22.7%	-19.7%	-32.8%	-35.6%	-18.0%	13.6%	-34.8%
Madison Square Garden Sports Corp.	UNITED STATES	2,882	-12.2%	-6.7%	-19.4%	-26.3%	-24.9%	-8.3%	-18.9%
Eventbrite, Inc. Class A	UNITED STATES	552	-10.7%	-37.3%	-54.6%	-66.3%	-62.3%	na	-62.2%

Source: Alantra estimates and Factset

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