

POWERSOFT

Sector: Industrial

Impressive FY22. Attractive dividend yield

FY22 results came in well above our estimate with a strong surprise in profitability. The growth in America has been higher than expected with robust demand. The record profitability has been propelled by a positive product/price-mix effect, confirming Powersoft's positioning as global producer of premium amplifiers, signal processing and transduction systems for the pro-audio sector. The mgmt. confirmed that visibility on the business remains high for 2023 and beyond, suggesting a continuation of the positive demand. The jump in DPS is material (c. 12% dividend yield). We improve FY23-24E top-line (+31/40%) and EBITDA (+52/67%) as we believe that PWS should continue to benefit from US expansion and product-mix. Our FY23E now points to revenues of EU62mn and EBITDA of EU13.4mn/21.5% margin. Powersoft is trading at 4.4x 2023 EV/EBITDA, at severe discount vs peers (-45% vs. B&C Speakers) despite the recent strong performance. We reiterate our BUY rating and increase our TP to Eu10.5/share (52% upside) from Eu7.4.

- FY22 revenues posted a buoyant growth, beating our estimate.** FY22 revenues posted a strong growth to Eu48.8mn, up by 45% yoy (+19% vs. our est.) and reaching an all-time high level. The increase in top-line was mainly driven by higher volumes, propelled by a robust underlying demand, and further internationalization. North America led the growth with +83% yoy, landing at Eu18.3mn, followed by Europe with 34% yoy growth to Eu20.8mn. APAC marked +8% yoy to Eu7.3mn (from -7% yoy in 1H21), while business in MEA jumped by 37% yoy to Eu1.1mn.
- EBITDA margin skyrocketed to over 25%.** Despite the current macroeconomic headwinds, Powersoft delivered an outstanding profitability expansion with EBITDA reaching Eu12.4mn (more than doubled yoy) with margin on sales of 25.3% and well above our estimate of Eu7.1mn/17% margin. The increase has been mainly attributable to: 1) product-mix and 2) price increase. Both effects, together with operating efficiency, strongly mitigated the increase in raw material/transportation costs and the expansion of personnel. The prioritization of products with higher associated margins has been a winning factor amid components shortages. EBIT was Eu9.9mn (20% on sales) from Eu2.6mn (8%) in FY21, while net profit landed at Eu6.3mn. Net cash position stood at Eu24.3mn from Eu20mn at YE21. The BoD proposed a DPS (ordinary and extraordinary) of total Eu0.82 (from Eu0.15 in 2021).
- Good business visibility over 2023 with further potential tailwinds from product-mix.** The mgmt. confirmed that visibility on the business remains high for 2023 and beyond, amid launches of new innovative solutions based on proprietary technology, and suggesting a continuation of the positive business expansion in key regions (USA, China and Japan). We believe that the company should benefit from its recent products launch and new solutions of proprietary technology based on the UNICA platform (cloud-based solutions), which we believe are margin tailwinds. The important cash pile shields from potential market turmoil, supports international expansion and gives the fire power for a 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 a multiple of the target of 8x 2023 EV/EBITDA, we estimate an M&A fire power of Eu46mn.
- We improve FY23-24E top-line and EBITDA.** We increase our FY23-24E revenues (by 31/40%) as we believe that Powersoft should continue to benefit from US expansion, while uplift FY23-24E EBITDA by +52/67% driven by positive product-mix momentum. We now expect FY23E revenues of Eu62mn, up 28% yoy with EBITDA at Eu13.4mn, which implies a prudent 21.5% margin, reflecting prolonged macroeconomic headwinds and a milder price-mix effect vs. 22. We also update our expected distribution of dividends in 2024-25E with a strong pay-out increase, in line with 2023 (90% from previous estimate of 76%).
- BUY reiterated with TP to Eu10.5/share (from Eu7.4).** Powersoft is trading at 4.4x 2023 EV/EBITDA, an undemanding level in our view and at severe discount versus peers (-45% vs. B&C Speakers). We confirm our BUY rating while increase our TP to Eu10.5/share (from Eu7.4), 52% upside, on the back of unprecedented FY22 results and improved business visibility.

BUY

Unchanged

TP 10.5

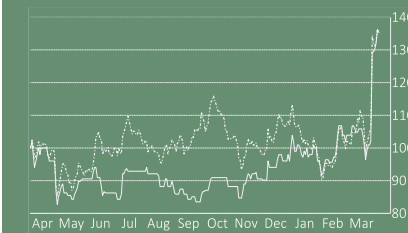
From 7.4

Target price upside 52%

Change in EPS est.	FY23E	FY24E
	53.3%	67.6%

Ticker (BBG, Reut)	PWS IM	PWS MI
Share price Ord. (Eu)		6.9
N. of Ord. shares (mn)		11.8
Total N. of shares (mn)		11.8
Market cap (Eu mn)		81
Total Market Cap (EU mn)		81
Free Float Ord. (%)		19%
Free Float Ord. (Eu mn)		16
Daily AVG liquidity Ord. (Eu k)		22

	1M	3M	12M
Absolute Perf.	31.1%	31.1%	41.3%
Rel.to FTSEMIDCap	33.6%	22.2%	41.3%
52 weeks range		4.2	7.0



	FY22A	FY23E	FY24E
Sales	49	62	72
EBITDA adj.	12.4	13.4	15.9
Net profit adj.	6.3	7.6	9.2
EPS adj.	0.549	0.649	0.779
DPS - Ord.	nm	0.816	0.572
EV/EBITDA adj.	2.5x	4.4x	3.4x
P/E adj.	8.5x	11.2x	9.3x
Dividend yield	17.9%	11.8%	8.3%
FCF yield	5.3%	5.7%	9.3%
Net debt/(Net cash)	(24.3)	(26.8)	(32.2)
Net debt/EBITDA	nm	nm	nm

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Summary Financials (IFRS)

P&L account (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Value of Production	33.7	48.8	62.3	71.6	80.1
Gross margin	na	na	na	na	na
EBITDA reported	5.0	12.4	13.4	15.9	18.0
D&A	(2.0)	(2.0)	(2.7)	(2.8)	(2.9)
EBIT reported	2.6	9.9	10.2	12.3	14.3
Net financial charges	0.4	(1.0)	(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	3.0	8.9	10.2	12.2	14.2
Taxes	(0.7)	(2.5)	(2.5)	(3.1)	(3.6)
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	2.3	6.3	7.6	9.2	10.7
EBITDA adjusted	5.0	12.4	13.4	15.9	18.0
EBIT adjusted	2.6	9.9	10.2	12.3	14.3
Net profit adjusted	2.3	6.3	7.6	9.2	10.7

Margins (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Gross margin	na	na	na	na	na
EBITDA margin (adj)	14.9%	25.3%	21.5%	22.2%	22.5%
EBIT margin (adj)	7.7%	20.3%	16.4%	17.2%	17.8%
Pre-tax margin	8.8%	18.2%	16.3%	17.1%	17.8%
Net profit margin (adj)	6.7%	13.0%	12.2%	12.8%	13.3%

Growth rates (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	-11.9%	44.9%	27.6%	14.8%	11.9%
EBITDA	-21.6%	146.3%	8.5%	18.6%	13.4%
EBITDA adjusted	-21.6%	146.3%	8.5%	18.6%	13.4%
EBIT	-35.1%	283.7%	3.3%	20.2%	16.2%
EBIT adjusted	-35.1%	283.7%	3.3%	20.2%	16.2%
Pre-tax	-26.2%	199.3%	14.7%	20.3%	16.2%
Net profit	-25.0%	180.6%	20.2%	20.3%	16.2%
Net profit adjusted	-25.0%	180.6%	20.2%	20.3%	16.2%

Per share data	FY21A	FY22A	FY23E	FY24E	FY25E
Shares	11.385	11.728	11.793	11.793	11.793
Shares diluted	11.385	12.897	12.962	12.962	12.962
N. of shares AVG	11.230	11.557	11.761	11.793	11.793
N. of shares diluted AVG	11.230	12.141	12.331	12.331	12.331
EPS	0.201	0.549	0.649	0.779	0.905
EPS adjusted	0.201	0.549	0.649	0.779	0.905
DPS - Ord.	0.150	0.820	0.816	0.572	0.688
DPS - Sav.	0.000	0.340	0.000	0.000	0.000
BVPS	2.232	2.695	3.147	3.767	4.522

Enterprise value (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Share price Ord. (Eu)	4.7	4.6	6.9	6.9	6.9
Market cap Diluted	53.4	53.7	85.1	85.1	85.1
Net debt/(Net cash)	(20.0)	(24.3)	(26.8)	(32.2)	(39.2)
Adjustments	1.3	0.9	1.2	1.4	1.6
Enterprise value	34.7	30.4	59.5	54.3	47.4

Cash flow (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
EBITDA reported	5.0	12.4	13.4	15.9	18.0
Net financial charges	0.4	(1.0)	(0.1)	(0.1)	(0.1)
Cash taxes	(0.7)	(2.5)	(2.5)	(3.1)	(3.6)
Ch. in Working Capital	4.4	(1.3)	(3.5)	(2.3)	(2.1)
Other operating items	(0.3)	(2.5)	0.3	0.2	0.2
Operating cash flow	8.8	5.0	7.6	10.7	12.5
Capex	(1.3)	(2.2)	(2.8)	(2.8)	(2.8)
FCF	7.5	2.9	4.8	7.9	9.7
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	1.8	1.3	0.0	0.0	0.0
Others	1.4	2.3	0.0	0.0	0.0
Dividends	0.0	(1.8)	(9.6)	(6.7)	(8.1)
Ch. in NFP	10.8	4.7	(4.8)	1.2	1.6

Ratios (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Capex/VoP	3.9%	4.4%	4.5%	3.9%	3.5%
Capex/D&A	0.7x	1.1x	1.0x	1.0x	1.0x
FCF/EBITDA	150.3%	23.1%	36.1%	49.7%	53.8%
FCF/Net profit	333.1%	44.9%	63.3%	86.0%	90.9%
Dividend pay-out	77.7%	88.3%	88.3%	88.3%	88.3%

Balance sheet (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Working capital	3.6	4.6	8.1	10.3	12.4
Fixed assets	2.7	3.2	3.3	3.3	3.3
Provisions & others	(1.3)	(0.9)	(1.2)	(1.4)	(1.6)
Net capital employed	5.1	6.9	10.2	12.2	14.1
Net debt/(Net cash)	(20.0)	(24.3)	(26.8)	(32.2)	(39.2)
Equity	25.1	31.1	37.0	44.4	53.3
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Working capital/VoP	10.6%	9.4%	12.9%	14.4%	15.5%
Net debt/Equity	nm	nm	nm	nm	nm
Net debt/EBITDA	nm	nm	nm	nm	nm

Valuation	FY21A	FY22A	FY23E	FY24E	FY25E
EV/CE	5.5x	3.9x	5.2x	4.0x	3.0x
P/BV	2.1x	1.7x	2.3x	1.9x	1.6x
EV/Sales	1.0x	0.6x	1.0x	0.8x	0.6x
EV/EBITDA	6.9x	2.5x	4.4x	3.4x	2.6x
EV/EBITDA adjusted	6.9x	2.5x	4.4x	3.4x	2.6x
EV/EBIT	13.5x	3.1x	5.8x	4.4x	3.3x
EV/EBIT adjusted	13.5x	3.1x	5.8x	4.4x	3.3x
P/E	23.6x	4.6x	7.6x	5.8x	4.3x
P/E adjusted	23.6x	8.5x	11.2x	9.3x	8.0x
ROCE pre-tax	33.9%	139.9%	106.3%	98.0%	97.3%
ROE	9.0%	20.4%	20.6%	20.7%	20.0%
EV/FCF	4.6x	10.7x	12.3x	6.9x	4.9x
FCF yield	14.1%	5.3%	5.7%	9.3%	11.4%
Dividend yield	3.2%	17.9%	11.8%	8.3%	10.0%

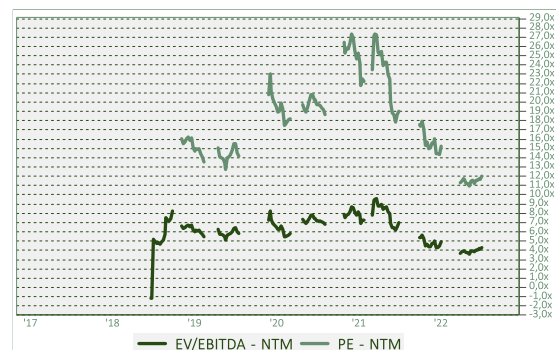
Share price performance

Market price is up by 38% YTD



Valuation

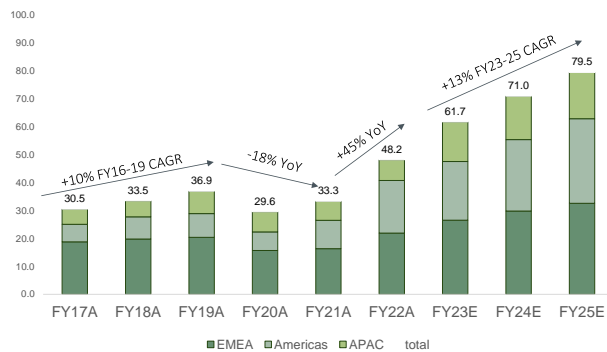
Multiples are well below the peak reached in 2021



Key Charts

Powersoft – VoP (FY17A-25E)

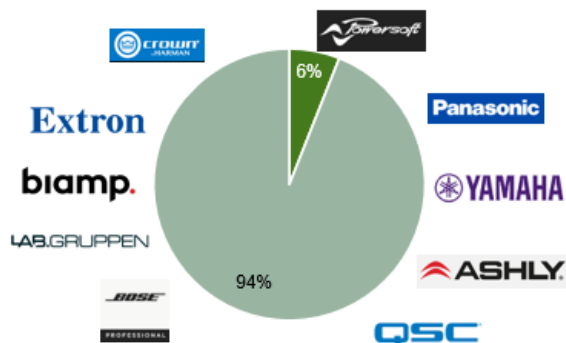
+13% VoP CAGR over FY23-25 with Americas / APAC being the best performers



Source: Alantra estimate

Powersoft's estimated market share in rack amplifiers

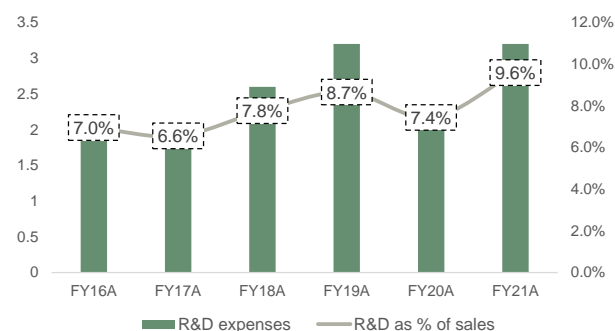
We estimate a market share of 6% in 2022 in professional rack amplifiers (the core business of Powersoft)



Source: Alantra estimate

Powersoft – R&D expenses

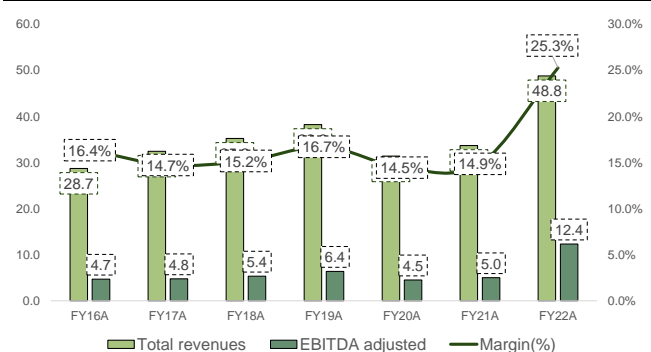
R&D expenses are constantly at high single digit



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

Powersoft – Historical financials (FY16-22A)

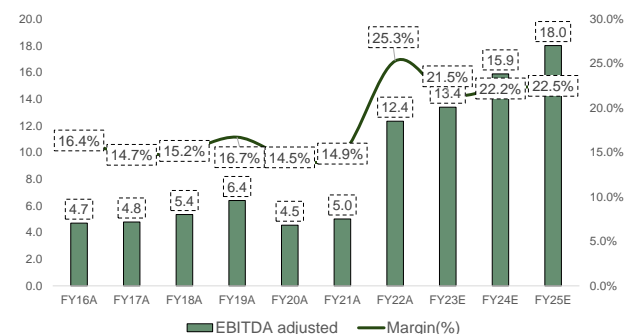
10% top line CAGR in 2016-22 with EBITDA margin reaching 25.3% in 2022



Source: Powersoft financial reports

Powersoft – Adj. EBITDA and margin (FY17A-25E)

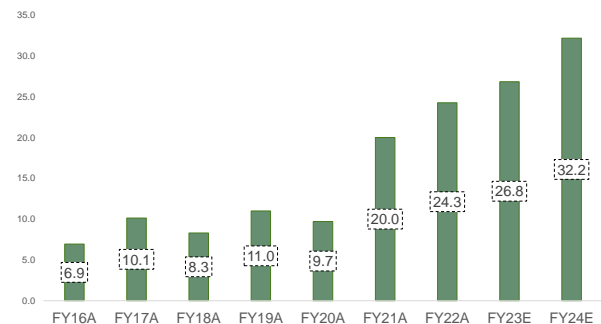
Regain of production volumes and costs efficiencies should translate into EBITDA margin expansion: from 14.5% in 2020 to 22.2% in 2024



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 6% 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 13% revenue CAGR over FY23-25 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 landing above region 20% from 14.5% in 2020.
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 over Eu30mn. 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

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

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)

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. 80.75%

Management

Carlo Lastrucci - Chairman
Luca Lastrucci - CEO
Massimo Ghedini - CFO and IR
Claudio Lastrucci - R&D
Antonio Peruch - Production Engineering
Luca Giorgi - Sales and Business Development
Gianmaria Guarini - Operation
Akira Mochimaru - Global Marketing

Next events

Shareholding meeting: 27/04/23
1H23 results: 28/09/23

2H/FY22 Results

Strong 2H/FY22 Results

FY22 revenues posted a buoyant growth, beating our estimate. EBITDA margin skyrocketed to over 25%.

Eu mn	2H21A	2H22A	YoY%	Alantra		FY21A	FY22A	YoY%	Alantra	
				2H22E	AvE				FY22E	AvE
Total Revenues	17.9	29.2	63%	21.3	37%	33.7	48.8	45%	41.0	19%
EBITDA adjusted	2.9	8.7	196%	3.4	151%	5.0	12.4	146%	7.1	73%
Ebitda Margin %	16.3%	29.7%		16.2%		14.9%	25.3%		17%	
EBIT adjusted	2.1	7.4	258%	2.3	221%	2.6	9.9	284%	4.8	105%
Ebit Margin %	11.5%	25.3%		10.8%		7.7%	20.3%		12%	
Restated Net Profit	1.4	4.9	266%	2.2	127%	2.3	6.3	181%	3.6	77%
Net Profit Margin %	7.5%	17.0%		10.2%		6.7%	13.0%		9%	
NFP end of the period	20.0	24.3		20.9		20.0	24.3		20.9	

Source: Company data and Alantra estimates

Change in estimates

We improve our estimates

We increase our FY23-24E revenues projections due to positive momentum of US expansion, while uplift FY23-24E EBITDA driven by a positive product-mix effect.

(Eu mn)	NEW estimates			Change			OLD estimates		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Total Revenues / Value of Production	62.3	71.6	80.1	31.2%	39.8%	na	47.5	51.2	na
EBITDA Reported	13.4	15.9	18.0	51.5%	66.6%	na	8.8	9.5	na
EBIT Reported	10.2	12.3	14.3	53.8%	68.1%	na	6.6	7.3	na
Pretax Profit	10.2	12.2	14.2	54.2%	68.6%	na	6.6	7.3	na
Net profit	7.6	9.2	10.7	54.2%	68.6%	na	4.9	5.4	na
EPS	0.647	0.779	0.905	53.3%	67.6%	na	0.422	0.464	na
Net financial position	26.8	32.2	39.2	(6.3)	(8.6)	na	20.5	23.6	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 Eu46mn in 2023

	Acquisition multiple (EV/EBITDA)				
	6.0x	7.0x	8.0x	9.0x	10.0x
EBITDA of the target - Eu mn					
2023	8.0	6.7	5.7	5.0	4.5
Additional Debt (Deals 100% financed with debt) - Eu mn					
2023	48.3	46.9	46.0	45.3	44.7
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 2023/2024E multiples

Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
POWERSOFT	ITALY	82	1.0 x	0.8 x	0.6 x	4.4 x	3.4 x	2.6 x	5.8 x	4.4 x	3.3 x	7.6 x	5.8 x	4.3 x
Premium (discount) to Peers' Median			-52%	-60%	-68%	-57%	-58%	-66%	-58%	-55%	-65%	-57%	-62%	-66%
Discount to B&C Speakers			-52%	-60%	-68%	-45%	-55%	-64%	-34%	-47%	-59%	-31%	-45%	-57%
PEERS	Average		2.2 x	2.0 x	1.7 x	10.7 x	8.0 x	7.1 x	13.9 x	10.8 x	11.4 x	19.5 x	20.2 x	17.09
	Median		2.0 x	1.9 x	1.8 x	10.3 x	8.2 x	7.7 x	14.0 x	9.7 x	9.6 x	17.6 x	15.1 x	12.6 x

B&C Speakers S.p.A.			ITALY	157	2.0 x	1.9 x	1.8 x	8.1 x	7.6 x	7.3 x	8.9 x	8.3 x	8.1 x	11.0 x	10.4 x	10.0 x
Focusrite PLC	UNITED KINGDOM	404			2.1 x	2.0 x	1.9 x	8.8 x	8.1 x	7.8 x	10.7 x	9.7 x	9.4 x	13.6 x	13.2 x	12.9 x
Sound Peers			Average		2.0 x	1.9 x	1.9 x	8.4 x	7.8 x	7.5 x	9.8 x	9.0 x	8.7 x	12.3 x	11.8 x	11.45
	Median				2.0 x	1.9 x	1.9 x	8.4 x	7.8 x	7.5 x	9.8 x	9.0 x	8.7 x	12.3 x	11.8 x	11.5 x

Carel Industries SpA	ITALY	2,575	na	na	na	na	na	na	na	na	na	32.6 x	29.0 x	25.4 x
Eurotech S.p.A.	ITALY	112	1.1 x	0.9 x	0.7 x	10.1 x	5.9 x	4.4 x	17.9 x	8.4 x	6.2 x	17.6 x	8.8 x	7.3 x
SECO S.p.A.	ITALY	584	3.1 x	2.4 x	2.0 x	13.6 x	10.2 x	7.5 x	18.2 x	13.3 x	9.8 x	25.6 x	17.0 x	12.3 x
Italian Electronics Peers	Average		2.1 x	1.7 x	1.3 x	11.8 x	8.0 x	6.0 x	18.0 x	10.8 x	8.0 x	25.3 x	18.3 x	15.0 x
	Median		2.1 x	1.7 x	1.3 x	11.8 x	8.0 x	6.0 x	18.0 x	10.8 x	8.0 x	25.6 x	17.0 x	12.3 x

Live Nation Entertainment, Inc.	UNITED STATES	14,742	0.9 x	0.9 x	0.8 x	10.6 x	9.9 x	8.8 x	19.7 x	16.8 x	14.2 x	nm	51.2 x	40.7 x
CTS Eventim AG & Co. KGaA	GERMANY	5,414	2.3 x	2.1 x	1.9 x	11.8 x	10.1 x	8.5 x	14.0 x	12.0 x	10.1 x	26.3 x	23.7 x	20.8 x
Madison Square Garden Sports Corp. Class A	UNITED STATES	3,465	5.9 x	5.6 x	5.1 x	nm	nm	nm	nm	nm	nm	nm	nm	nm
GL Events SA	FRANCE	663	0.8 x	0.7 x	0.6 x	4.4 x	3.9 x	4.3 x	8.0 x	6.8 x	6.0 x	9.8 x	8.5 x	7.5 x
Eventbrite, Inc. Class A	UNITED STATES	639	1.8 x	1.3 x	0.7 x	18.1 x	8.3 x	7.9 x	na	na	27.7 x	na	na	nm
Live Events Companies	Average		2.4 x	2.1 x	1.8 x	11.2 x	8.1 x	7.4 x	13.9 x	11.9 x	14.5 x	18.1 x	27.8 x	23.0 x
	Median		1.8 x	1.3 x	0.8 x	11.2 x	9.1 x	8.2 x	14.0 x	12.0 x	12.2 x	18.1 x	23.7 x	20.8 x

Source: Alantra estimates and Factset

Financials

PWS filled the profitability gap with direct peers while boasting higher growth potential

Company	Country	Mkt Cap (Eu mn)	FY23E - FY25E average margins					CAGR FY22A - FY25E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	Net Profit
POWERSOFT	ITALY	82	22.1%	17.1%	12.8%	4.0%	88.3%	17.9%	13.4%	13.0%	18.9%
B&C Speakers S.p.A.	ITALY	157	25.1%	22.8%	16.5%	1.1%	50.8%	5.4%	6.7%	6.7%	9.3%
Focusrite PLC	UNITED KINGDOM	404	24.4%	20.1%	14.2%	4.5%	15.0%	1.3%	4.2%	4.1%	-3.3%
Sound Peers	Average		24.7%	21.4%	15.3%	2.8%	32.9%	3.4%	5.5%	5.4%	3.0%
	Median		24.7%	21.4%	15.3%	2.8%	32.9%	3.4%	5.5%	5.4%	3.0%
Carel Industries SpA	ITALY	2,575	20.5%	16.3%	12.1%	4.2%	31.5%	13.1%	13.1%	14.9%	14.5%
Eurotech S.p.A.	ITALY	112	16.7%	11.3%	8.7%	5.7%	0.0%	17.0%	36.7%	49.5%	52.9%
SECO S.p.A.	ITALY	584	24.2%	18.4%	11.6%	7.7%	0.0%	25.4%	32.8%	41.3%	42.1%
Italian Electronics companies	Average		20.5%	15.3%	10.8%	5.9%	10.5%	18.5%	27.5%	35.2%	36.5%
	Median		20.5%	16.3%	11.6%	5.7%	0.0%	17.0%	32.8%	41.3%	42.1%
Live Nation Entertainment, Inc.	UNITED STATES	14,742	8.8%	5.1%	1.7%	2.3%	0.0%	8.1%	10.4%	16.9%	14.1%
CTS Eventim AG & Co. KGaA	GERMANY	5,414	21.1%	17.8%	12.1%	2.4%	49.8%	3.3%	6.9%	7.7%	10.4%
Madison Square Garden Sports Corp. Class A	UNITED STATES	3,465	9.9%	15.7%	5.0%	0.1%	0.0%	3.9%	1.9%	2.3%	1.1%
GL Events SA	FRANCE	663	17.1%	10.4%	5.2%	5.5%	21.8%	6.3%	1.1%	14.7%	18.8%
Eventbrite, Inc. Class A	UNITED STATES	639	11.6%	-5.1%	-6.9%	0.9%	na	22.3%	25.7%	na	na
Live events companies	Average		13.7%	8.8%	3.4%	2.3%	17.9%	8.8%	9.2%	10.4%	11.1%
	Median		11.6%	10.4%	5.0%	2.3%	10.9%	6.3%	6.9%	11.2%	12.3%

Source: Alantra estimates and Factset

Performance

The stock is up 38% YTD, overperforming B&C Speakers

Company	Country	Mkt Cap (Eu mn)	Performance						
			1M	3M	6M	1YR	3YR	5YR	YTD
POWERSOFT	ITALY	82	31.1%	31.1%	57.2%	41.3%	66.3%	na	41.8%
PEERS	Average		-3.3%	2.5%	19.7%	-8.8%	61.5%	41.3%	-0.2%
	Median		-1.2%	0.0%	16.0%	-11.7%	45.1%	19.5%	6.3%
B&C Speakers S.p.A.	ITALY	157	4.4%	14.4%	25.4%	4.4%	69.8%	19.4%	13.5%
Focusrite PLC	UNITED KINGDOM	404	-18.4%	-26.8%	-15.5%	-55.1%	43.7%	27.0%	-27.7%
Carel Industries SpA	ITALY	2,575	-2.5%	10.3%	27.8%	12.7%	144.3%	na	9.6%
Eurotech S.p.A.	ITALY	112	-6.0%	8.8%	9.4%	-15.6%	-36.0%	94.9%	10.5%
SECO S.p.A.	ITALY	584	-0.4%	-12.3%	22.9%	-16.0%	na	na	-8.1%
Live Nation Entertainment, Inc.	UNITED STATES	14,742	-5.0%	0.7%	-11.5%	-39.4%	106.5%	89.3%	-0.6%
CTS Eventim AG & Co. KGaA	GERMANY	5,414	-6.1%	-5.7%	31.9%	-9.8%	49.6%	50.5%	-5.4%
Madison Square Garden Sports Corp.	UNITED STATES	3,465	-0.2%	7.6%	37.4%	9.4%	32.2%	13.1%	6.3%
Eventbrite, Inc. Class A	UNITED STATES	639	-7.4%	44.7%	37.3%	-42.5%	46.4%	na	46.4%

Source: Alantra estimates and Factset

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