

POWERSOFT

Sector: Industrial

A new paradigm shift in sound technology

PWS's recent transformational growth, all organic, and its gradual shift in technology offering deserves a closer look. The R&D-powered operations are bearing fruits with the launch of an increasingly technological offer (e.g. Unica, Verso, etc.) while shifting the PWS positioning from a pure manufacturer to a partner of choice in sound technology and solutions (Ferrari, Bose Professional, etc.). The surge in fundamentals is expected to continue (we expect another strong FY release), narrowing the gap vs larger listed peers in terms of key financials. Despite PWS is expected to exhibit higher growth and profitability, the stock still trades at a discount vs peers, indicating a potential re-rating. We set a fully diluted TP of Eu15.5/sh (from Eu12) due to a weighted average of our updated relative method w/o peer discount (30% weight) and mark-to-market DCF (70%). BUY confirmed.

- **From supplier to partner in sound technology.** Powersoft leads the market in professional audio amplification and transducer systems. In recent years, leveraging its R&D capabilities (7% R&D/sales historically), the group has been shifting its position from a leading supplier to a technological partner of top-tier clients (e.g. Ferrari, Bose professional). On top of that, the group has been able to develop cutting-edge technologies (e.g. the Unica/Universo products) and raise the bar of innovative soundscapes (e.g. the Sphere in Las Vegas).
- **Vast market opportunities in installations and sound experience.** Powersoft has been a leading provider of amplification systems for live events, but historically, it has primarily been focused to installations market. While the latter segment may currently be smaller than live events, it is poised for substantial growth opportunities in the coming years. Given PWS's established presence and pivotal role in numerous installations globally, we are confident that the company is well positioned to capitalize on this anticipated growth. The Sphere in Las Vegas has set new standards in sound experience venues, paving the way for new openings around the world. The group projects a global reference market size of >1bn by 2030 (pro rack amplifiers only) from current c. Eu700mn, implying a CAGR 23E-30E of ca. 8.6%.
- **Internationalization goes on; M&A is the next catalyst.** PWS has seen significant international sales growth, especially in the USA (37% CAGR 19-22), driven by its strong brand and strategic shifts since 2021. Reorganizing key management areas and amplifying the offering with comprehensive solutions has accelerated international sales. We expect to see the group bearing fruits from this strategy in other key regions in the next years, especially in China and Japan. With a firepower of Eu45mn (assuming a target EV/EBITDA of 6.5x and a post-deal net debt/EBITDA of 1x), PWS is well positioned to execute its first awaited M&A deal (we believe that there is a pipeline underway with few key targets), which could add market share and new products, unlocking further value beyond solid organic growth.
- **We expect another strong FY release.** We anticipate another positive set of FY23 results (scheduled for March 21st) with a top-line of Eu65.7mn (+35% yoy). EBITDA should climb to Eu16.3mn/25.6% margin with a dividend yield of around 10%. It's important to monitor the expansion trend in international markets, especially in APAC. The new cloud-enabled products and partnerships should support further sales and profitability expansion from 2024 onward.
- **Pricing-in the new paradigm shift; (BUY, TP to Eu15.5 from 12).** Despite PWS is expected to deliver higher profitability and sales growth ahead, the group is trading at discount vs other listed comps (even more after adj. for net cash). This should command a re-rating of the stock. We enlarge the panel of peers and remove the 10% discount previously applied to B&C Speakers multiples as we believe that the PWS positioning and growth in fundamentals have narrowed the gap v. peers. The weighted average of our mark-to-market DCF and the updated relative valuation deliver a fully diluted TP of Eu15.5/sh (from Eu12), BUY confirmed. The execution of the first M&A deal and the increase in liquidity represent strong potential upsides.

BUY

Unchanged

TP 15.5

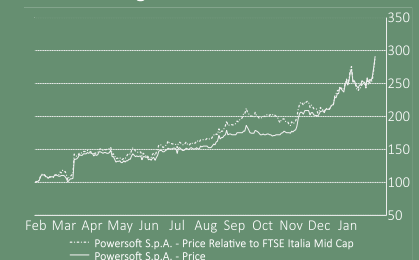
From 12.0

Target price upside 15%

Change in EPS est.	FY23E	FY24E
	0.0%	0.0%

Ticker (BBG, Reut)	PWS IM	PWS MI
Share price Ord. (Eu)		13.5
N. of Ord. shares (mn)		11.8
Total N. of shares (mn)		11.8
Market cap (Eu mn)		160
Total Market Cap (EU mn)		160
Free Float Ord. (%)		21%
Free Float Ord. (Eu mn)		33
Daily AVG liquidity Ord. (Eu k)		60

	1M	3M	12M
Absolute Perf.	11.3%	57.1%	176.0%
Rel.to FTSEMIDCap	9.7%	47.0%	174.6%
52 weeks range		4.9	12.8



	FY22A	FY23E	FY24E
Sales	49	66	77
EBITDA adj.	12.4	16.3	19.8
Net profit adj.	6.3	9.5	11.7
EPS adj.	0.549	0.804	0.981
DPS - Ord.	nm	0.817	0.704
EV/EBITDA adj.	2.2x	8.5x	7.0x
P/E adj.	8.0x	16.5x	13.4x
Dividend yield	18.8%	11.9%	5.2%
FCF yield	5.6%	2.7%	5.7%
Net debt/(Net cash)	(24.3)	(18.3)	(18.0)
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	65.7	77.4	89.0
Gross margin	na	na	na	na	na
EBITDA reported	5.0	12.4	16.3	19.8	23.5
D&A	(2.0)	(2.0)	(2.7)	(2.8)	(2.9)
EBIT reported	2.6	9.9	13.1	16.2	19.6
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	13.1	16.1	19.6
Taxes	(0.7)	(2.5)	(3.6)	(4.4)	(5.4)
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	9.5	11.7	14.2
EBITDA adjusted	5.0	12.4	16.3	19.8	23.5
EBIT adjusted	2.6	9.9	13.1	16.2	19.6
Net profit adjusted	2.3	6.3	9.5	11.7	14.2

Margins (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Gross margin	na	na	na	na	na
EBITDA margin (adj)	14.9%	25.3%	24.8%	25.6%	26.4%
EBIT margin (adj)	7.7%	20.3%	20.0%	20.9%	22.1%
Pre-tax margin	8.8%	18.2%	19.9%	20.8%	22.0%
Net profit margin (adj)	6.7%	13.0%	14.4%	15.1%	16.0%

Growth rates (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	-11.9%	44.9%	34.5%	17.8%	14.9%
EBITDA	-21.6%	146.3%	32.0%	21.6%	18.5%
EBITDA adjusted	-21.6%	146.3%	32.0%	21.6%	18.5%
EBIT	-35.1%	283.7%	32.5%	23.2%	21.6%
EBIT adjusted	-35.1%	283.7%	32.5%	23.2%	21.6%
Pre-tax	-26.2%	199.3%	47.4%	23.2%	21.6%
Net profit	-25.0%	180.6%	49.3%	23.2%	21.6%
Net profit adjusted	-25.0%	180.6%	49.3%	23.2%	21.6%

Per share data	FY21A	FY22A	FY23E	FY24E	FY25E
Shares	11.385	11.728	11.838	11.969	12.907
Shares diluted	11.385	11.728	11.838	12.907	12.907
N. of shares AVG	11.230	11.557	11.783	11.904	12.438
N. of shares diluted AVG	11.230	11.557	11.571	12.641	12.641
EPS	0.201	0.549	0.804	0.981	1.142
EPS adjusted	0.201	0.549	0.804	0.981	1.142
DPS - Ord.	0.150	0.820	0.817	0.704	0.805
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	2.232	2.695	2.626	2.872	3.056

Enterprise value (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Share price Ord. (Eu)	4.5	4.4	6.9	13.5	13.5
Market cap Diluted	50.8	51.1	156.2	156.2	156.2
Net debt/(Net cash)	(20.0)	(24.3)	(18.3)	(18.0)	(18.0)
Adjustments	1.3	0.9	1.3	1.5	1.8
Enterprise value	32.1	27.7	139.2	139.7	139.9

Cash flow (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
EBITDA reported	5.0	12.4	16.3	19.8	23.5
Net financial charges	0.4	(1.0)	(0.1)	(0.1)	(0.1)
Cash taxes	(0.7)	(2.5)	(3.6)	(4.4)	(5.4)
Ch. in Working Capital	4.4	(1.3)	(6.0)	(3.8)	(4.1)
Other operating items	(0.3)	(2.5)	0.4	0.2	0.2
Operating cash flow	8.8	5.0	7.1	11.7	14.2
Capex	(1.3)	(2.2)	(2.8)	(2.8)	(2.8)
FCF	7.5	2.9	4.3	8.9	11.4
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)	(9.7)	(8.4)	(10.4)
Ch. in NFP	10.8	4.7	(5.4)	0.5	1.0

Ratios (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Capex/VoP	3.9%	4.4%	4.3%	3.6%	3.1%
Capex/D&A	0.7x	1.1x	1.0x	1.0x	1.0x
FCF/EBITDA	150.3%	23.1%	26.1%	45.1%	48.5%
FCF/Net profit	333.1%	44.9%	44.9%	76.6%	80.2%
Dividend pay-out	77.7%	89.0%	89.0%	89.0%	89.0%

Balance sheet (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Working capital	3.6	4.6	10.6	14.4	18.5
Fixed assets	2.7	3.2	3.3	3.3	3.3
Provisions & others	(1.3)	(0.9)	(1.3)	(1.5)	(1.8)
Net capital employed	5.1	6.9	12.6	16.2	20.0
Net debt/(Net cash)	(20.0)	(24.3)	(18.3)	(18.0)	(18.0)
Equity	25.1	31.1	30.9	34.2	38.0
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%	16.1%	18.6%	20.8%
Net debt/Equity	nm	nm	nm	nm	nm
Net debt/EBITDA	nm	nm	nm	nm	nm

Valuation	FY21A	FY22A	FY23E	FY24E	FY25E
EV/CE	5.1x	3.5x	10.0x	7.9x	6.4x
P/BV	2.0x	1.6x	5.0x	4.6x	4.1x
EV/Sales	1.0x	0.6x	2.1x	1.8x	1.6x
EV/EBITDA	6.4x	2.2x	8.5x	7.0x	6.0x
EV/EBITDA adjusted	6.4x	2.2x	8.5x	7.0x	6.0x
EV/EBIT	12.4x	2.8x	10.6x	8.7x	7.1x
EV/EBIT adjusted	12.4x	2.8x	10.6x	8.7x	7.1x
P/E	22.5x	4.2x	14.6x	11.8x	9.7x
P/E adjusted	22.5x	8.0x	16.5x	13.4x	11.0x
ROCE pre-tax	33.9%	139.9%	120.8%	102.2%	99.5%
ROE	9.0%	20.4%	30.6%	34.1%	37.4%
EV/FCF	4.3x	9.7x	32.7x	15.6x	12.3x
FCF yield	14.8%	5.6%	2.7%	5.7%	7.3%
Dividend yield	3.4%	18.8%	11.9%	5.2%	6.0%

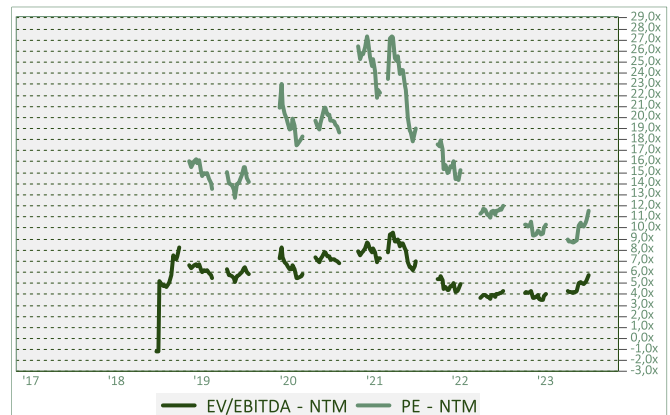
Share price performance

PWS share price is up by c. 34% YTD



Valuation

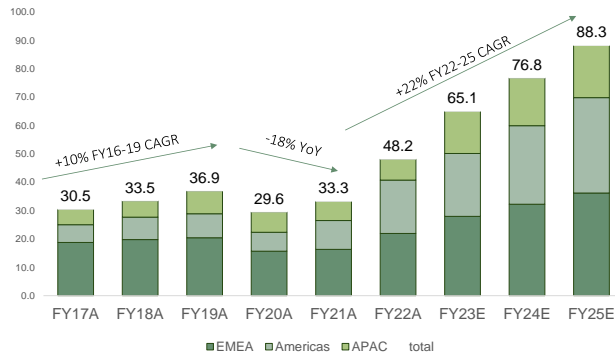
Multiples are well below the peak reached in 2021



Key Charts

Powersoft – Sales (FY17A-25E)

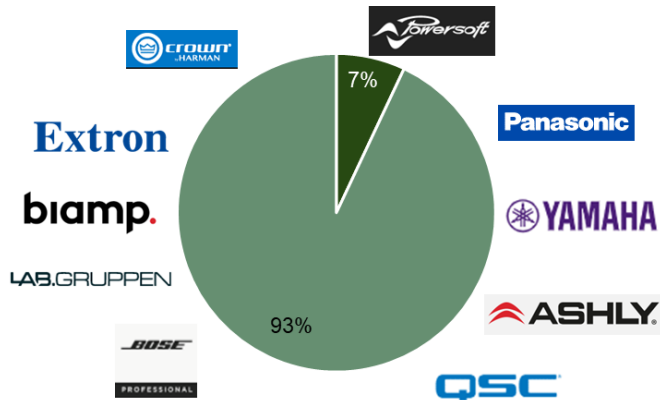
+22% sales CAGR over FY22-25 with Americas / APAC being the best performers



Source: Alantra estimate

Powersoft's estimated market share in rack amplifiers

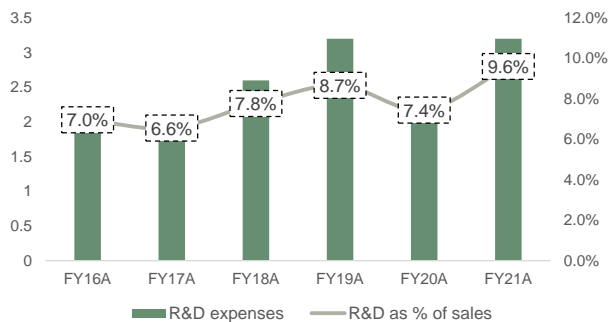
We estimate a market share of 7% in professional rack amplifiers (the core business of Powersoft)



Source: Alantra estimate

Powersoft – R&D expenses

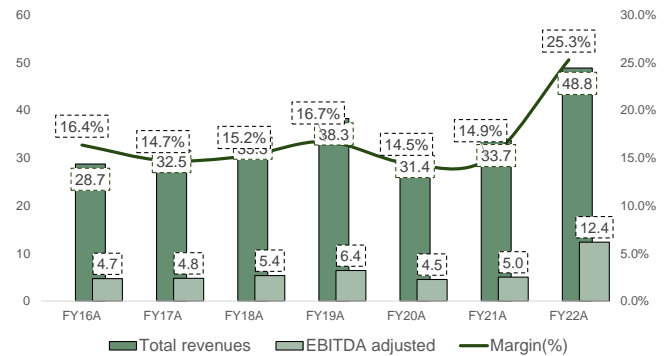
R&D expenses are constantly at high single digit



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

Powersoft – Historical financials (FY16-22A)

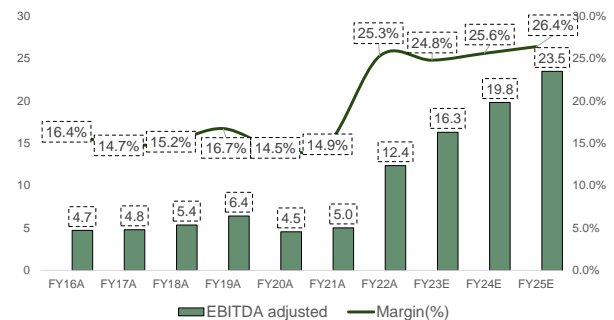
10% top line CAGR in 2016-22 with EBITDA margin reaching 25.3% in 2022



Source: Powersoft financial reports

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

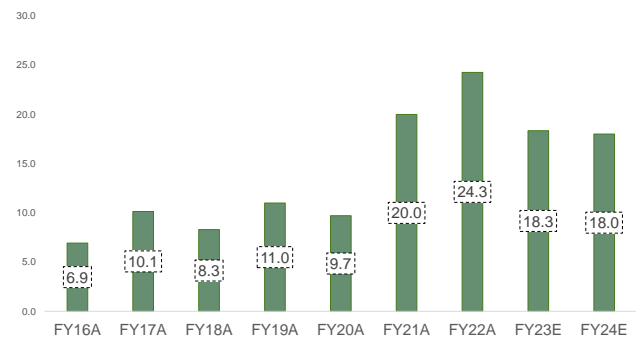
Regain of production volumes and costs efficiencies should translate into EBITDA margin expansion: from 14.5% in 2020 to 26.4% in 2024



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% on average over the last 5 years; 31% 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 16-22 period (10 % vs est. mid-high single digit) 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 in the coming years. Looking forward, we see a 22% revenue CAGR over FY22-25 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 the region of 26% by 2025 from 15% in 2021.
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. 79.48%

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

FY23 results: 21/03/24
Shareholders' meeting: 23/04/24
1H24 results: 25/09/24

The partner in mission-critical sound technology

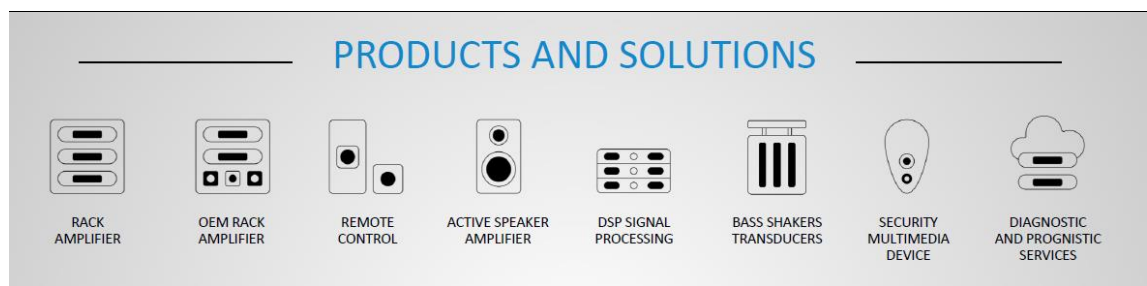
Powersoft is a leading player in professional audio amplification solutions and transducer systems. By leveraging on its strong R&D capabilities (historical average R&D/Sales of c. 7%), the group has been able to develop cutting-edge technologies and raising the bar of innovative soundscapes (e.g. provider of amplification systems and movers for the Sphere in Las Vegas). This has strengthened its positioning, shifting in recent years from a pure supplier to a partner of choice in sound technologies of major global OEMs in several end-markets (e.g. Bose Professional, Ferrari, etc.). The visibility of the business is enhanced by the group's strong exposure to projects and installations market, which, in addition to the live events/distribution channel with a shorter time to market, populate the backlog.

An extended pro-sound technology offer

Powersoft stands as a global leader in producing cutting-edge patented technologies and solutions tailored for the professional audio industry. The company specializes in crafting pro-audio power amplifiers, integral components amplifying the electric signal propelling loudspeakers within an audio system. The flagship offerings include rack amplifiers for touring (ca. 30% of revenues) and fixed installations (ca. 70%), amplification modules for integration into original equipment manufacturers' (OEM) active loudspeakers, and various audio products, contributing to most of the total sales. Augmenting the product portfolio are sound controllers and transducers.

Powersoft products and solutions

Powersoft has an extended portfolio of products and solutions, rack amplifiers are the core products.



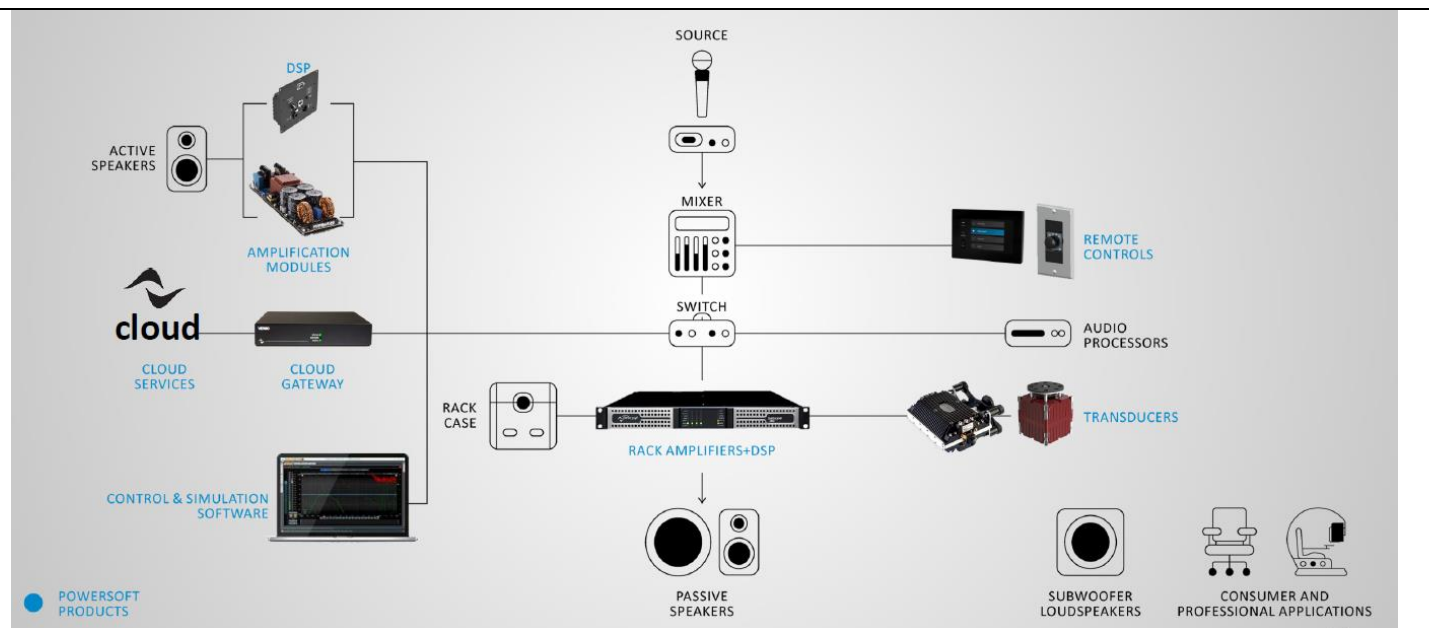
Source: Powersoft

Covering the key parts and technology in the sound value chain...

Powersoft main products represent amplification systems and transducers. On top of hardware and electronic components, the group offers proprietary software and cloud services, covering most of the sound and electronic signal process value chain. These components are crucial for installations and venues because sound requires modularity, particularly in one of its critical aspects: power.

The sound value chain

Powersoft covers a considerable part of the sound value chain



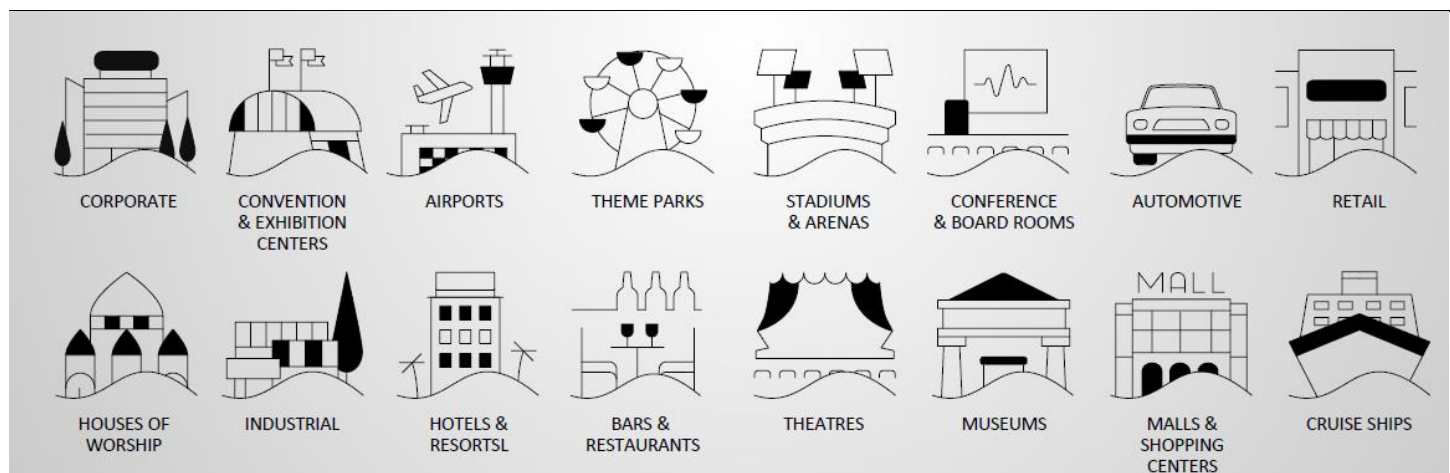
Source: Powersoft

...serving multitude end-markets with a focus on installations

Powersoft's amplifiers are integral components in (i) permanent audio installations in diverse venues such as stadiums, cinemas, theatres, railway stations, hotels, etc., and (ii) portable audio systems for touring purposes, notably in live events like concerts. Historically, Powersoft's business has exhibited a stronger inclination towards fixed installations, resulting in higher business visibility. The group's track record has enabled the strengthening of its position in the reference segment, thus positioning Powersoft advantageously to enter other end-markets. Recent partnerships with CinemaNext (cinemas), Strong Technical Services (entertainment, theme parks, etc.), Vega Global (digital workplaces) and the recent agreement with Ferrari (automotive) corroborate the PWS strong positioning in the installations market.

Multiple end-markets with untapped growth potential

Powersoft is exposed only to a part of these end-markets, suggesting ample room of opportunities ahead.



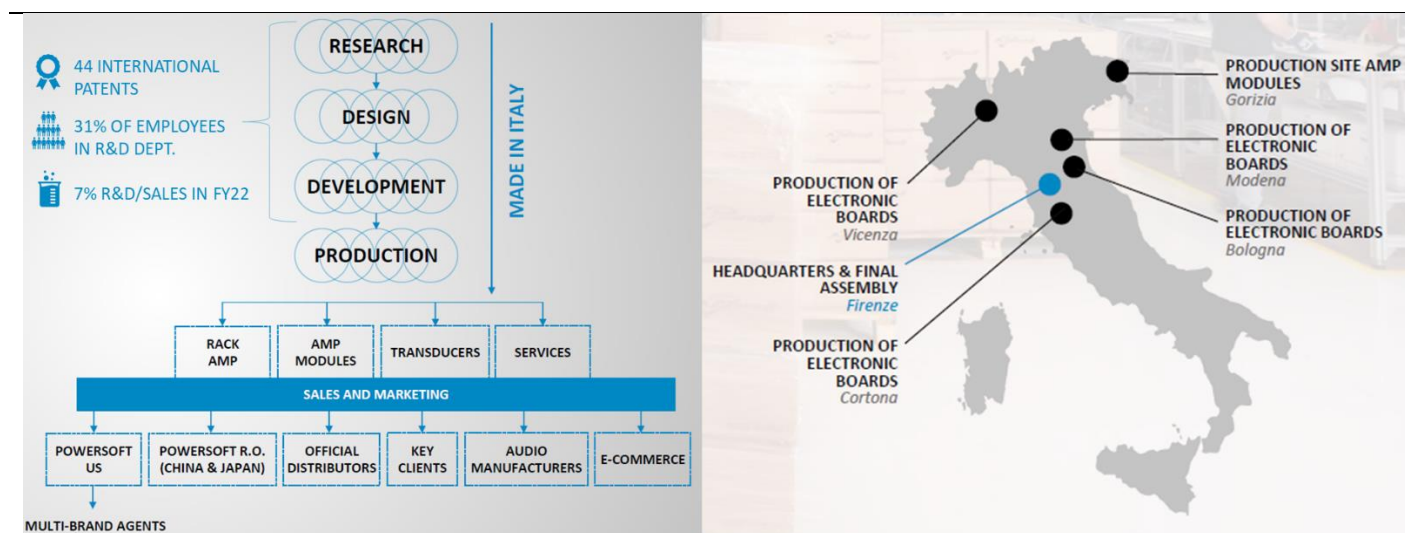
Source: Powersoft

R&D at the core of operations...

Powersoft stands as a global frontrunner in professional audio amplification, a testament to its robust R&D efforts coupled with a commitment to ongoing innovation (7% R&D/sales in FY22 and >40 international patents). Notably, 31% of the workforce is related to R&D activities. Founded by Luca Lastrucci, Claudio Lastrucci, and Antonio Peruch, the trio blended their engineering expertise with a shared passion for music, giving rise to the inaugural amplifier in a Florence garage in 1995. Pioneers in "switched-mode" technology (more efficient way to control electrical signals), they revolutionized amplifier design, delivering compact, lightweight units with heightened power density, reduced power consumption, and zero sound distortion. The R&D department is at the heart of operations, corroborated also by the IdeoFarm, a hub to support new projects and innovative technologies. Over the years, the R&D team has been instrumental in launching technological and innovative products, consistently reducing energy consumption, and achieving higher efficiency levels in the industry. According to the group, with 850k Powersoft's units (i.e. 2.6GW), and assuming a conservative use of 4.1TWh of amplified sounds for 10 years, the world would have saved 9.7TWh in power losses, equal to 7mn tons if CO2.

Multiple end-markets with untapped growth potential

Powersoft has a vertical integrated model, following all the steps from research to production, all made in Italy.



Source: Alantra on Powersoft presentation

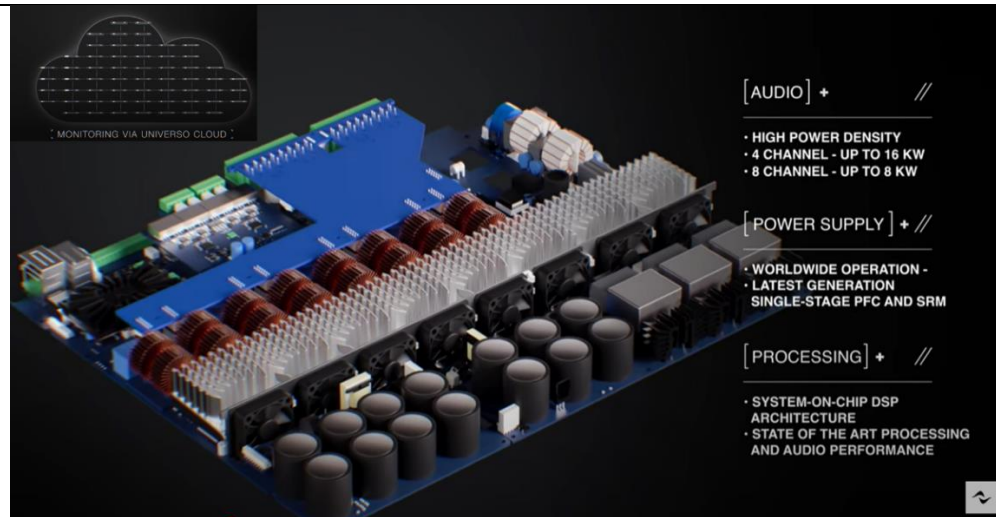
...showcased in recent main milestones

Unica and Universo. A groundbreaking amplification platform by Powersoft with Cloud connectivity, UNICA offers user-friendly features and scalability, allowing clients to purchase additional power as needed on a pay-pre-use method. Its architecture allows updates, catering to diverse audio applications and maintaining top-notch performance. With five new patents, UNICA facilitates seamless integration, customization, and configuration, minimizing management costs. The platform excels in energy efficiency and surpasses current market audio performance standards. This is blended with the Universo cloud platform, enabling remote monitoring, updates, real-time alerts, and interventions. **It features an evolving roadmap for added value services over time, triggering margin expansion.**

Verso Gateway. The group has recently launched the Verso gateway that expands the capabilities of remote management and monitoring of the MyUniverso Cloud platform to the entire current product portfolio, extending compatibility with existing projects and simplifying access to future ones.

Connecting Amplifiers via Cloud

Unica is a next-generation amplifier capable of connecting, via cloud, to customize the power needed on a pay-per-use basis.



Source: Powersoft

Bose PowerShareX. Powersoft is partnering with Bose Professional for the development of new amplifiers with adaptable power named Bose Professional PowerShareX. Powersoft will provide the technology, such as the power amplification system, which operates with lower energy consumption compared to previous models. The new Bose Professional PowerShareX series of amplifiers includes three models with 1200, 2400, and 4800 watts of power on four channels. They represent the evolution of the current PowerShare amplifier range, offering higher power levels and features. The partnership confirms Powersoft's undisputed technology positioning and the group's market share in premium power amplification systems worldwide.

Bose PowerShareX

Bose Professional is powered by Powersoft

PowerShareX PSX2404D
Adaptable Power Amplifier

Power-sharing technology
Dynamically allocates power evenly or asymmetrically across outputs without having to bridge channels or lose channel count when powering Bose Professional loudspeakers.

Bose Professional certified presets and ControlSpace Designer integration
Delivers the best performance, loudspeaker protection, and visibility of the entire Bose Professional system from a single UI for easy design, configuration, control and monitoring.

Proven Powersoft reliability
Ensures the systems operate every day, mitigating non-billable service calls.

OVERVIEW

PowerShareX PSX2404D is a four-channel, 2400-watt smart amplifier designed for use with Bose Professional installed sound systems. Onboard DSP gives you instant access to optimized loudspeaker presets via ControlSpace Designer software with easy ecosystem integration across Bose Professional processors, loudspeakers, and controllers. Design, configuration, installation, and operation become simpler — so you can get the job done and move on to the next.

Source: Bose website

The Ferrari partnership. PWS has recently announced a new partnership with the luxury carmaker Ferrari for the provision of sound technology solutions. The group offering is known for its energy efficiency, heat reduction and installation flexibility.

We believe that the agreement confirms **Powersoft's evolution as a mission-critical technology partner**. The partnership has a strong strategic rationale; **it adds new end-market exposure**, triggering new expansion opportunities within the installations segment. Partnering with a top-tier player like Ferrari highlights **Powersoft's brand image, credibility, and product innovation capabilities**.

The Sphere, Las Vegas. The group provided ad-hoc innovative technology for the Sphere Las Vegas project, launched by the Madison Square Garden (MSG) group. This technology introduced new solutions to enhance the soundscape and experience. Integrated into HOLOPLOT's Sphere Immersive Sound, Powersoft's efficient amplification technology aids in energy savings and reduces environmental impact. With 167k channels, it achieves a 40% reduction in CO2 emissions compared to conventional amplifiers. The Sphere Las Vegas project utilizes Powersoft's innovative IPAL and Mover technologies, enhancing low-frequency performance and providing a realistic experience for event attendees.

The project accounted for approximately Eu6mn in revenues. According to MSG, additional venues are expected to open in South Korea and Abu Dhabi in the next few years.

The Sphere in Las Vegas (lhs) set to anticipate other openings around the world (rhs)

PWS provided cutting-edge technology for the Sphere in Las Vegas launched by the Madison Square Garden (MSG) group, which announced new spheres around the world



Source: Powersoft, New York Post

Huge opportunities in the installations market

The reference market is expected to continue to grow after the post-covid rebound. Many underlying trends like immersive sound/experience, live events and concerts have fueled the trend and are expected to remain on the rise in the coming years. According to a report from Goldman Sachs, the live music industry is expected to achieve a 5% CAGR FY23-30E, topping to USD40bn.

Furthermore, since the group is primarily focused on fixed installations in leisure and commercial end-markets, urbanization with the development of commercial areas and sports facilities are significant drivers. By focusing only on the rack amplifiers and transducers (core Powersoft business), the company foresees the global reference market value to surpass Eu1bn by 2030 from current ca. Eu700mn. We estimate a CAGR 2023E-30E of around 8.6%.

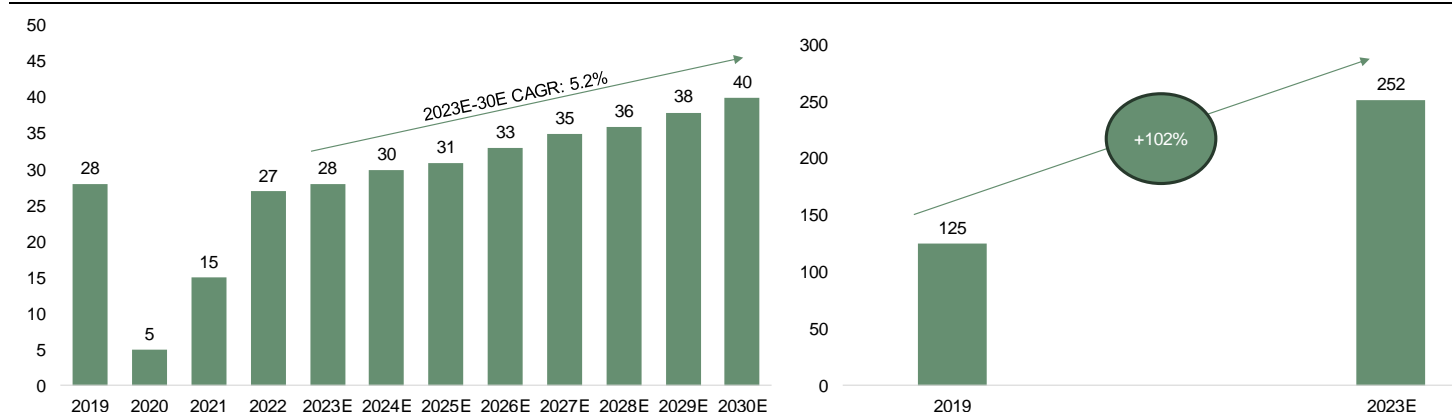
Live events are set to experience 5% 23E-30E CAGR

Expected to maintain its growth trajectory following the post-COVID resurgence, the reference market presents a promising outlook. Several underlying trends, such as the emphasis on immersive sound experiences and the enduring popularity of live events and concerts, have not only contributed to the ongoing momentum but are also poised to continue ascending in the years ahead.

According to a report by Goldman Sachs, the live event industry is projected to grow at a 5% CAGR from 2023 to 2030E, with live music sector revenues expected to surpass the USD40bn mark. The increase in ticket prices, which doubled from 2019 to 2023, is a supportive indicator, suggesting that music events will likely continue to capture a significant share of consumer spending on live entertainment.

Live events (lhs, \$bn) and ticket prices (rhs, \$) are confirmed to be on the rise

Music events should continue to capture a large share of consumers spending on live entertainment.



Source: Alantra elaboration on Goldman Sachs data

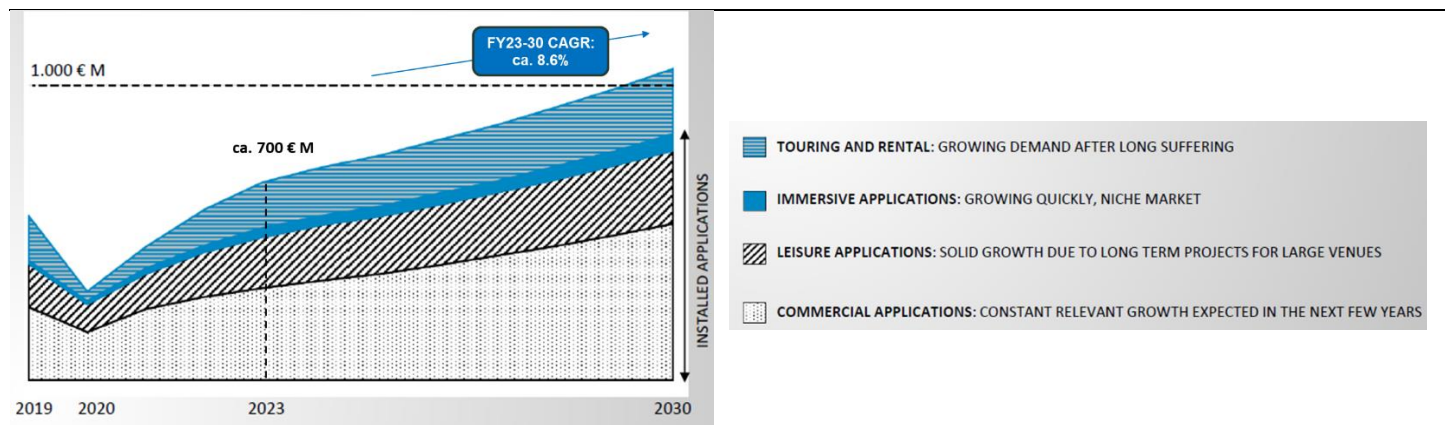
Rack amplifiers demand spans across several applications

While live events represent a key market for Powersoft, the group's core product (rack amplifiers) is utilized in various applications within the installation end-market. This includes leisure and commercial applications such as sports facilities, malls, and cinemas.

Alongside the touring and rental segments, the global rack amplifiers market is projected to surpass Eu1bn by 2030, with installed applications comprising the majority in terms of value. Based on our analysis, the reference market is expected to achieve a CAGR of approximately 8.6% from FY23E to FY30E.

Global rack amplifiers market

FY23E-30E CAGR of 8.6% in global rack amplifiers market.



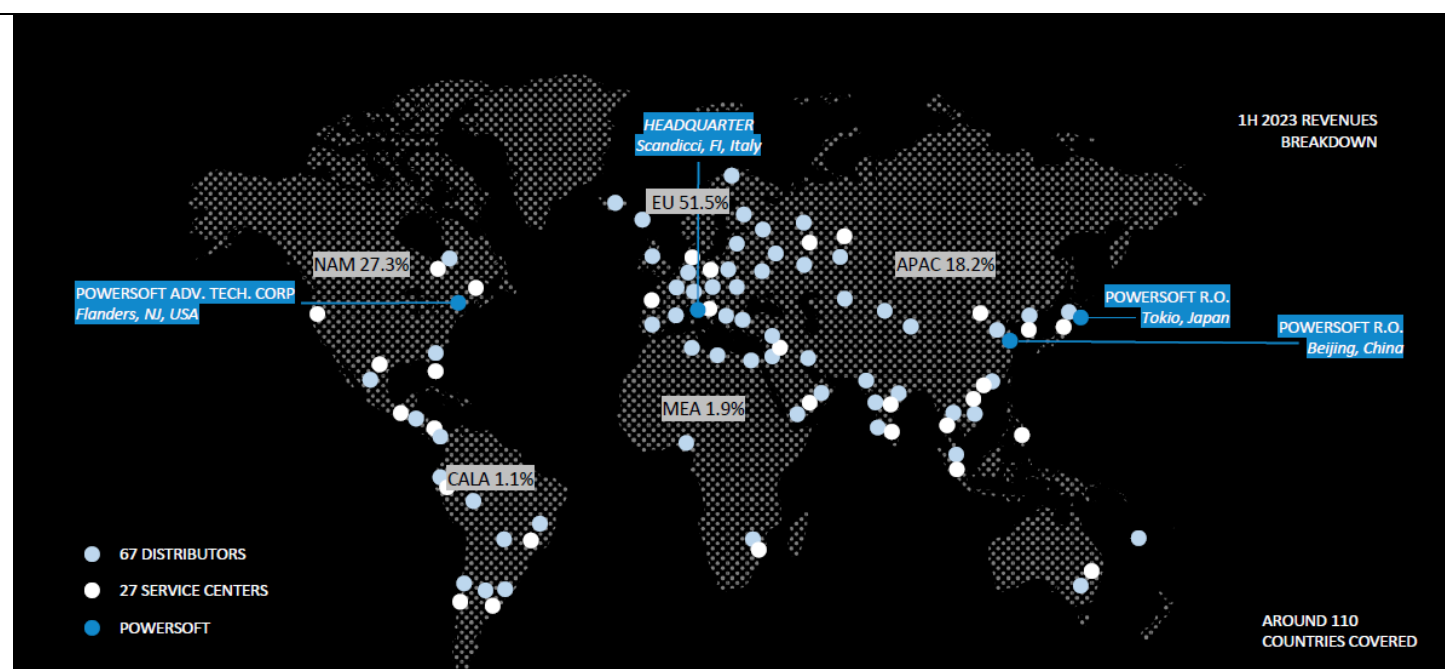
Source: Alantra elaborations on Powersoft presentation

Tuning the internationalization and M&A strategies

PWS has experienced remarkable sales growth in its international business in recent years, particularly in the USA (with a +37% CAGR from 2019 to 2022A), driven by its strong brand reputation and established track record worldwide. Since 2021, international sales have shown a clear acceleration, attributed to a reorganization of its top management team in key areas and a successful shift in its selling proposition from being a pure manufacturer to offering complete solutions. Recent management hires worldwide are expected to replicate the strong commercial strategy and further solidify the company's internationalization path in the coming years, mirroring the successful growth experienced in the USA, in other key regions (APAC). With a firepower of Eu45mn (assuming an acquisition EV/EBITDA multiple of 6.5x and a target post-deal net debt/EBITDA ratio of 1.0x), PWS is well positioned to execute its first awaited M&A deal (we believe that there is a pipeline underway with few key targets), which could enable it to gain additional market share in professional amplifiers or diversify its product offering. This has the potential to unlock value creation on top of the already impressive organic growth expectations.

Unfulfilled global footprint

Opportunities for further global expansion yet to be realized



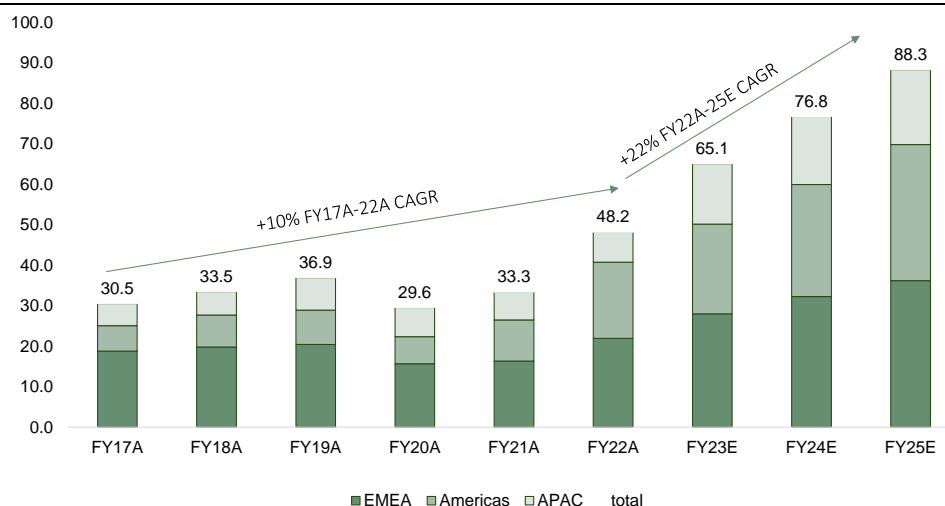
Source: Powersoft

Outstanding international sales trend, especially in USA...

PWS has historically experienced attractive growth rates within international markets (constituting approximately 90% of total revenues), achieving a sales CAGR of 10% from FY17 to 22A. The surge in revenues was particularly evident in the USA, where the CAGR reached 37% during the period from 2019 to 2022. This can be attributed to the company's strong brand reputation and well-established track record on a global scale. Additionally, since 2021, the group has shifted its selling proposition from being solely a manufacturer to also a solutions provider.

International sales trend evolution (Eumn)

We expect Powersoft to accelerate in international expansion after strategic management hirings across the globe.



Source: Powersoft, Alantra estimate

...also, thanks to key management hirings and new offices

The group has reorganized its international presence and hired several key managers across strategic countries such as the USA, Japan, and China:

- **USA:** In 2022, the group relocated its operating branch to New Jersey and expanded its workforce with new hires in the top management team. For example, in 2021, Powersoft hired Akira Mochimaru as Global Marketing Director, a former General Manager at Bose Professional.
- **China:** In 2023, PWS strengthened its presence in China by welcoming Miao Wang as a Solution Engineer (formerly with Yamaha Professional Audio) and relocating to a new office in Beijing, following the opening of a Chinese representative office in 2021.
- **Japan:** Powersoft opened a new representative office in Tokyo in 2023 and appointed Ms. Haruka Murayama as Market Development Manager, a former Sales Manager at Bose Professional.

The new office in Tokyo, in addition to the headquarters in Scandicci (Italy), the operating branch in the USA, and the Chinese office, will enhance activity and operations in Japan and APAC (which accounted for 15.3% of FY22 sales). This supports the local-for-local approach, a key aspect in one of the most strategic areas with solid growth prospects in the professional audio and amplification business. We expect PWS to accelerate its international expansion in the coming years, with sales projected to achieve a >20% CAGR from 22A to 25E.

Eu45mn M&A firepower poises the group for takeover execution

Since the IPO, the group has not finalized any M&A deals yet, but we have a feeling that the group has a pipeline underway with some key targets. It's worth noting that finalizing an M&A deal for an independent product specialist can impact business growth and the competitive landscape. For instance, when L'Acoustics, a loudspeaker specialist, acquired Camco, Pascal, a module amplifier producer, bought out Camco, an amplifier specialist. Pascal, as an independent provider of module amplifiers, aimed to maintain independence and avoid straining relationships with other loudspeaker clients. It's worth noting that Powersoft and some potential targets are still run by their founders, so finding the right governance setup might not always be straightforward. Assuming a target post-deal group Net Debt / EBITDA of 1x (we do not think that the balance sheet can be significantly leveraged) and an acquisition multiple at 6.5x 2024 EV/EBITDA of the target (in line with the current multiple of Powersoft), we estimate an M&A firepower of around Eu45mn. The possibility of using equity to partially fund potential deals would enhance the firepower.

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 Eu45mn in 2024

	Acquisition multiple (EV/EBITDA)				
	4.5x	5.5x	6.5x	7.5x	8.5x
EBITDA of the target - Eu mn					
2024	10.7	8.3	6.8	5.8	5.0
Additional Debt (Deals 100% financed with debt) - Eu mn					
2024	48.5	46.1	44.6	43.6	42.8
Target Net debt/EBITDA of the group post-deals	1.0x				

Source: Company data and Alantra estimates

We believe that M&A for Powersoft could pursue different strategic intents with M&A:

1. **Market share gain in professional amplifiers, especially in end-markets where PWS is not present.** Joining forces with another amplifier specialist would boost negotiating power with clients and suppliers. It opens the door for cost-saving collaborations in research and production. Additionally, it creates opportunities for revenue growth by combining distribution networks and entering new markets where PWS is currently absent.
2. **Product diversification.** M&A could speed things up. We think buying a loudspeaker maker makes sense to expand our audio systems for chosen markets, without hurting ties with high-end clients.

Strong positioning poises further market share gains

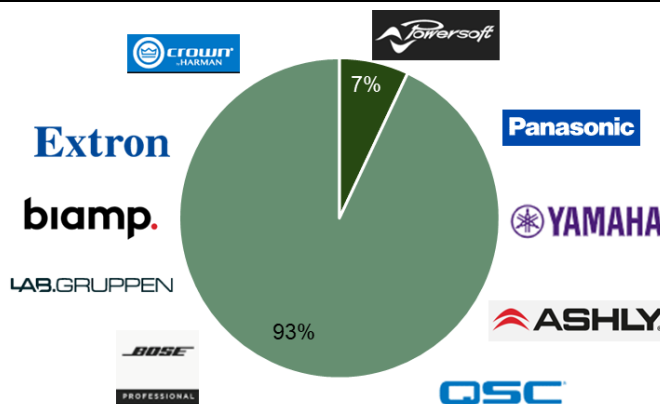
The competitive landscape is highly fragmented with very few independent specialists in the pro audio space (e.g. IcePower and Pascal for module amplifiers). Other competitors are: 1) part of large conglomerates (e.g. Crown acquired by Samsung) and 2) mono-brand integrated groups (Bose Professional, Panasonic, Pioneer, etc.). The latter panel represents at the same time PWS major OEM clients together with some of the best loudspeaker brands like L'Acoustics and d&b Audiotechnik. With an estimated global market share in rack amplifiers (core product) of 7%, PWS boasts an established track record and brand reputation, making the group well positioned to compete with large brands whose focus spans to several segments (e.g. consumer). The strong R&D commitment (historical average of 7% R&D/sales with 31% of workforce in R&D department in 2022) and the best-in-class ROCE (average FY17-FY22 of >50%) are the primary determinants in our view. This makes PWS the reference of choice in the pro audio sector, shifting interests of large generalists' OEMs to a buy vs make approach while focusing more on their core business.

7% estimated share in a fragmented market

Rack amplifiers are key products for Powersoft. We believe that the group is a global leader in a fragmented market. Assuming a size of around Eu700mn for the targeted global rack amplifier market in 2023, with rack amplifiers accounting for 70% of the group's sales in the same year, we estimate Powersoft's market share to be 7%. We believe that the rest of the market is highly fragmented.

Powersoft's estimated market share in rack amplifiers

We estimate a market share of ca. 7% in professional rack amplifiers (the core business of Powersoft)















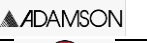



























Source: Alantra estimate

Powersoft is one of the few independent specialists in professional amplifiers

IcePower, a German group, and Pascal, a Danish player, predominantly focus on manufacturing module amplifiers. Some competing brands operate under larger multi-brand conglomerates, such as the Swedish Lab.Gruppen (acquired in 2015 by the Philippine group Music Tribe) and Crown (a division of the US-based Harman, acquired by Samsung in 2016). Additionally, there are significant competitors in the form of large mono-brand integrated groups, including Bose Professional, Panasonic, Yamaha, Ashly, and QSC.

Powersoft's competitive landscape

Diverse competitive environment featuring product specialists along with diversified groups representing both multi-brand and single-brand entities.

							
Product specialists	Microphone	Signal processor	Amplifier	Loudspeaker	Client of Powersoft	Home country	Sales 2022 (Eu mn)
	✓					Germany	
			✓			Italy	48
			✓			Denmark	
			✓			Germany	
			✓	✓	✓	France	>100
			✓	✓	✓	Germany	
				✓	✓	Japan	>2,000
				✓		USA	
				✓		Canada	
 (2)				✓		Italy	82
		✓				USA	
Diversified groups					Client of Powersoft	Home country	
				  	✓	Italy	>200
		  				USA	>7,000
		  				Philippines	
			✓	✓	✓	USA	>3,500
	✓	✓	✓	✓	✓	Japan	>7,000
	✓	✓	✓	✓		Japan	>3,500
		✓	✓	✓		USA	
		✓	✓	✓		USA	

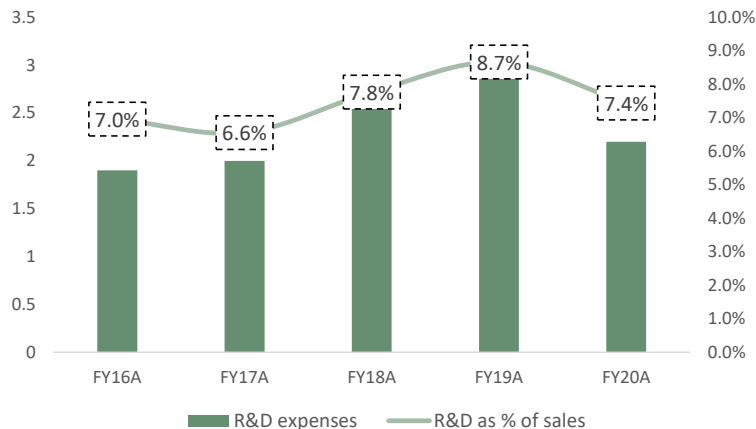
Source: Alantra, companies' websites. (1) Group. Large part of sales is outside professional audio. (2) B&C Speakers is a component maker

R&D commitment and attractive ROCE are strong competitive edges

The group significantly invests in innovation, with R&D expenditure averaging 7% of sales over the last 4 years (partially capitalized). This is clearly visible in the evolution of its product innovation and increasing level of technology going forward (e.g., UNICA product).

Powersoft's R&D investments

The group significantly invests in innovation (R&D on sales at 7% on average over the last 5 years).

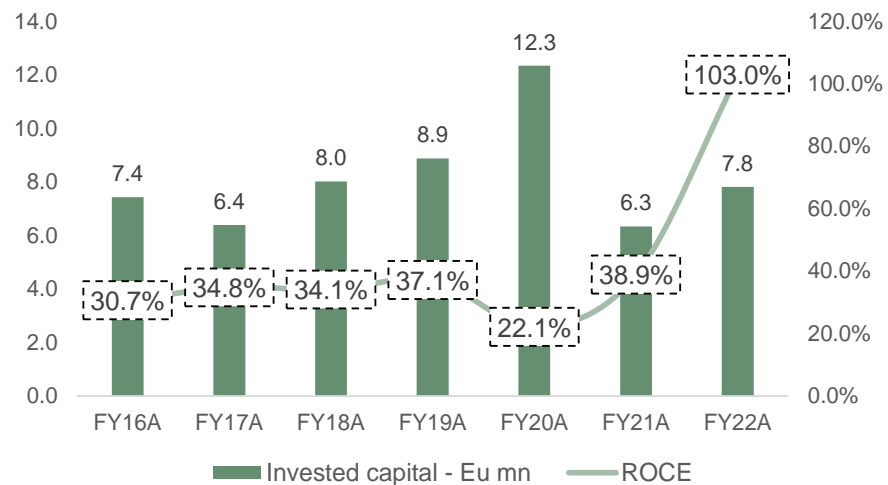


Source: Powersoft's financial reports. Note: including capitalised R&D costs

The strong competitive positioning is summarised by the outstanding ROCE historically delivered by the group (average above 35% 2016-21) with a peak reached in 2022 of 90% due to strong operating leverage and profitability expansion. This, together with high level of R&D poise the group for additional expansion in market share.

Powersoft's ROCE

Powersoft's strong R&D driven competitive positioning is summarized by its ROCE: above 35% during 2016-19 period



Source: Powersoft's financial reports, Alantra estimates. Note: Invested capital = Fixed assets + Net Working Capital. Normalised tax rate assumed at 28.5%

Pricing-in the paradigm shift

In the recent years Powersoft showed a very attractive growth in sales and profitability, propelled also by the successful execution of the international expansion. This has been partially translated into a re-rating of the stock. However, we think that the quantum leap in fundamentals and product innovation showed in the recent period and the growth expectations for the next years deserve more and command a fine-tune of our relative valuation method. Within our comparable peers, B&C Speakers has been used as the main closer comparable due to 1) Country of origin (both are from Italy) and sector exposure (professional audio). However, while B&C speaker is a supplier of loudspeakers' components, PWS provides mainly amplifier systems/solutions and shows higher R&D commitment (higher R&D workforce/total employees). On top of that, PWS is expected to deliver higher growth and profitability in the coming years compared to B&C Speakers. As PWS has filled the gap in terms of fundamentals, we remove the 10% discount previously applied to B&C Speakers multiples. We also enlarge the panel by considering Focusrite, a professional audio player exposed in different end-markets but with a similar level of R&D investments in electronics. The weighted average of our mark-to-market DCF (70% weight) and the update of our relative valuation method (30%, FY24-25E market multiples) deliver a fully diluted TP of Eu15.5/share (from Eu12), BUY confirmed. M&A execution can unlock further value creation.

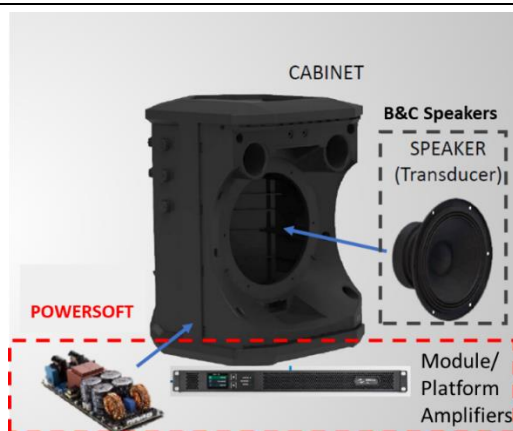
A closer look at comparable peers

Powersoft has no direct listed peers. However, since our initiation report in 2021, we have primarily referenced B&C Speakers (Italy) due to their exposure to a similar sector (professional audio) and end-markets (live events). We believe that another player, Focusrite, should also be considered due to certain similarities with Powersoft. More in detail:

B&C Speakers: The company is an Italian **producer of loudspeaker transducers** for the professional audio industry (e.g., coaxial drivers), which convert electric signals into acoustic output. With a market capitalization of approximately Eu180mn and sales exceeding Eu90mn in 2023, the group has a global presence and a strong brand reputation within its core products. It is primarily exposed to the live events and touring end-markets rather than installations, unlike Powersoft. The group has stated that about 10% of its employees work in the R&D department, which is lower than Powersoft's historical figure of 31%. The median after-tax ROCE during 2019-2022 was 21% (vs. 38% of PWS).

Powersoft vs B&C Speakers products

Powersoft produces primarily module and platform amplifiers while B&C Speakers manufactures transducers for loudspeakers



Source: Alantra

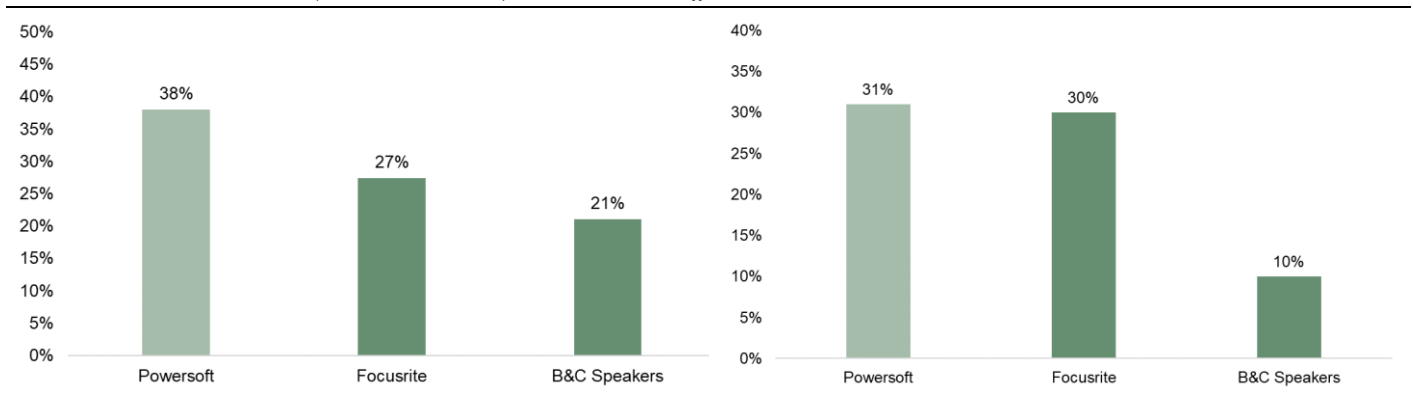
Focusrite: The group is based in the UK with a market capitalization of > Eu300mn and provides primarily professional audio hardware and software capable of processing electric audio signals. Their products include

audio interfaces for recording, playback, and processing audio signals on computers, as well as microphone pre-amplifiers for capturing clear and accurate audio recordings.

About 23% of FY23 group revenues (i.e. £41mn - FY ends in August) was linked to entertainment industry (mainly live events), of which **only 12% (i.e. £5mn) refers to professional products and amplifiers thanks to an acquisition made in 2022** of a start-up specialist (Linea Research) for **10.5x FY0 EV/EBITDA**. We believe that while the group offers products for different applications compared to Powersoft (mainly for recording studios), the items embed electronic capabilities with some **degree of innovation and R&D, similar to Powersoft** (30% of workforce in R&D with capitalized R&D/sales of 5% in FY22). Focusrite primarily markets its products to distributors, whereas Powersoft has significant exposure to major global OEM channels (estimated at approximately 40% of FY22 sales), certifying the quality of craftsmanship and providing higher business visibility. In terms of returns on capital, Focusrite delivered a median ROCE of 27% for the period 2019-2022, below Powersoft's 38%.

Median 2019-22 ROCE (lhs) and R&D workforce/total employees (last available, rhs)

PWS delivered a best-in-class ROCE (38% median 2019-22) with a considerable effort in R&D



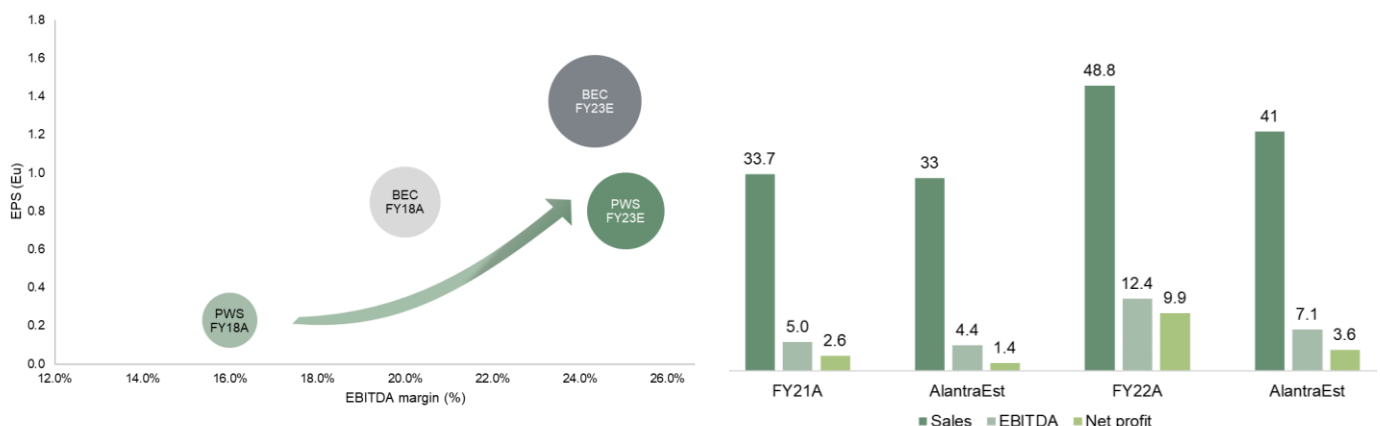
Source: Alantra and companies website Note: latest available data for R&D workforce/total employees

Powersoft has narrowed the gap vs its direct peer and looks to deserve more

PWS has experienced remarkable growth in top-line, EBITDA, and EPS in recent years, narrowing the gap in terms of size and profitability vs its closest peer and constantly exceeding our estimates.

PWS's EPS & EBITDA margin evolution v B&C Speakers (lhs, FY18A,23E, bbl size=rev.) and historical outperformance (rhs, Eumn)

Powersoft has filled the gap vs peers with remarkable growth in fundamentals in the last years and beating our estimates.



Source: Alantra, FactSet, Company data

We expect a strong set of FY23 results. The group is set to unveil FY23 results next March the 21st 2024. We expect another strong set of results with FY23 revenue of Eu65.7mn, marking a 35% yoy increase. EBITDA is projected to rise to Eu16.3mn with a margin of 25.6%. It's crucial to keep an eye on the expansion trend in international markets, particularly in APAC. Our FY23E implies a conservative topline growth in 2H23E of +12% yoy and EBITDA margin of 23.5% (from 26.1% in 1H23).

Growth is expected to continue across the board... The introduction of a new product portfolio, featuring cloud integration capabilities, is anticipated to bolster growth in 2024 and beyond, maintaining double-digit revenue growth and EBITDA margin above historical levels. **We expect PWS to deliver higher profitability and growth rates compared to its peers.** Indeed, we forecast an EBITDA margin to stand at an average of 25.6% for FY23-25E, with a net profit margin of 15.2% (compared to peers' margins of 22.4% and 13.8%, respectively, according to FactSet cons.). Additionally, in terms of growth, PWS outperforms its peers, with a projected topline CAGR of over 22% for FY22-25E (compared to 6.8% for peers) and a net profit CAGR of 30.8% (compared to 2.7% for peers).

PWS vs Sound Peers financials

PWS is expected to post higher profitability vs direct peers and boasting higher growth potential

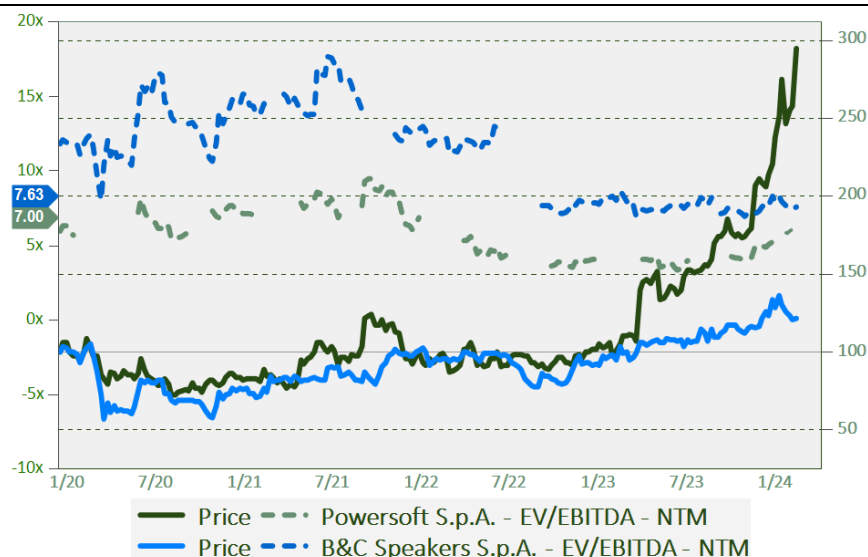
Company	Country	Mkt Cap (Eu mn)	FY23E - FY25E average margins					CAGR FY22A - FY25E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	Net Profit
POWERSOFT	ITALY	136	25.6%	21.0%	15.2%	3.7%	89.0%	22.1%	23.9%	25.6%	30.8%
B&C Speakers S.p.A.	ITALY	182	23.5%	21.6%	15.5%	1.3%	52.2%	12.9%	10.9%	11.9%	14.7%
Focusrite PLC	UNITED KINGDOM	339	21.3%	16.5%	12.1%	7.3%	18.3%	0.7%	-1.4%	-4.5%	-9.4%
Average			22.4%	19.0%	13.8%	4.3%	35.2%	6.8%	4.7%	3.7%	2.7%
Sound Peers	Median		22.4%	19.0%	13.8%	4.3%	35.2%	6.8%	4.7%	3.7%	2.7%

Source: Alantra, FactSet

...but PWS is still at discount vs BEC. Despite PWS's share price surged in 2023, the EV/EBITDA NTM of the group is still far from its peak at 9.5x, representing a discount of approximately 10% compared to B&C Speakers (7.4x). This discount widens when looking at FY25E multiples to approximately 20%. Therefore, we believe that the expected growth in fundamentals in the foreseeable future, together with the shift of the group's positioning in providing innovative sound technology, **is not yet priced in**. This, in our view, **should command a re-rating of the stock**.

PWS vs B&C Speakers – EV/EBITDA NTM (lhs) and share price (rhs, rebased 100)

The market has not priced the increase in fundamentals. PWS is trading at 6.7x EV/EBITDA NTM, at 10% discount vs B&C speakers



Source: FactSet

The discount widens after adjusting for the net cash. By excluding the net cash position from the enterprise value (EV), the comparison of FY24E EV/EBITDA ratios reveals a clear variation, with PWS trading at a multiple of 6.1x compared to B&C Speakers's 7.4x. This suggests that even after adjusting for the cash pile, **PWS remains undervalued by more than 40% relative to its peer**. While the presence of significant cash reserves might raise questions about the optimal use of capital by PWS, the wide discount in valuation indicates an attractive investment opportunity, presenting what we perceive as an undemanding valuation level.

Valuation based on multiples of peers

We believe that our sound peers (Focusrite and B&C Speakers) serve as the reference points for valuation. **We have removed the 10% discount vs. B&C Speakers due to the narrowed fundamentals gap and the higher expected growth of PWS in the near future.** Additionally, as a reference, we also include a panel of electronic products manufacturers (Cirrus Logic, SECO, Kontron, and Eurotech). While they are exposed to completely different end markets, we believe that they share some similarities in terms of product characteristics (amplifiers are in the electronic part of the sound value chain) and R&D expenditure.

Trading multiples

At current market price, the stock is at 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	153	2.1 x	1.8 x	1.6 x	8.5 x	7.0 x	6.0 x	10.6 x	8.7 x	7.1 x	14.6 x	11.8 x	9.7 x
Premium (discount) to Peers' Median			5%	7%	-3%	-17%	-17%	-20%	-18%	-26%	-29%	-3%	-22%	-24%
Discount to B&C Speakers			-6%	4%	-4%	-10%	-7%	-17%	1%	5%	-8%	15%	8%	-4%
PEERS	Average		1.9 x	1.7 x	1.5 x	11.0 x	8.6 x	7.7 x	30.3 x	12.3 x	9.5 x	16.4 x	16.3 x	12.1 x
	Median		2.0 x	1.7 x	1.6 x	10.3 x	8.5 x	7.4 x	12.9 x	11.6 x	10.0 x	15.0 x	15.2 x	12.8 x
B&C Speakers S.p.A.	ITALY	180	2.3 x	1.7 x	1.6 x	9.5 x	7.6 x	7.2 x	10.5 x	8.3 x	7.7 x	12.7 x	10.9 x	10.2 x
Focusrite PLC	UNITED KINGDOM	338	1.8 x	1.6 x	1.6 x	8.2 x	7.8 x	7.4 x	10.3 x	10.2 x	9.8 x	12.6 x	13.2 x	12.5 x
Sound Peers	Average		2.0 x	1.7 x	1.6 x	8.9 x	7.7 x	7.3 x	10.4 x	9.2 x	8.8 x	12.6 x	12.1 x	11.36
	Median		2.0 x	1.7 x	1.6 x	8.9 x	7.7 x	7.3 x	10.4 x	9.2 x	8.8 x	12.6 x	12.1 x	11.4 x
Cirrus Logic, Inc.	UNITED STATES	4,470	2.7 x	2.6 x	2.6 x	10.9 x	10.0 x	11.2 x	11.4 x	10.9 x	10.2 x	15.0 x	14.5 x	13.7 x
SECO S.p.A.	ITALY	396	2.7 x	2.2 x	1.9 x	11.5 x	9.1 x	7.4 x	17.9 x	13.6 x	10.8 x	23.1 x	17.2 x	13.1 x
Kontron AG	GERMANY	1,389	1.1 x	1.0 x	0.9 x	9.7 x	8.5 x	7.7 x	14.4 x	12.3 x	11.0 x	18.6 x	15.9 x	13.3 x
Eurotech S.p.A.	ITALY	73	1.1 x	0.8 x	0.7 x	16.3 x	8.6 x	5.1 x	117.2 x	18.6 x	7.6 x	na	26.1 x	10.1 x
Electronics Peers	Average		1.9 x	1.6 x	1.5 x	12.1 x	9.0 x	7.9 x	40.2 x	13.9 x	9.9 x	18.9 x	18.4 x	12.5 x
	Median		1.9 x	1.6 x	1.4 x	11.2 x	8.8 x	7.6 x	16.1 x	13.0 x	10.5 x	18.6 x	16.5 x	13.2 x

Source: Alantra estimates and FactSet

We shifted to FY24-25E market multiples of sound peers.

Valuation (Eu mn), using market multiples

Eu mn	Sound peers		
	FY23E	FY24E	FY25E
Average Peers' Multiple valuation	161.6	169.3	187.6
Eu Per Share	14.0	13.4	14.8
EBITDA reported	16.3	19.8	23.5
EV/EBITDA Peer Group	8.9x	7.7x	7.3x
Discount	0%	0%	0%
EV based on multiples	144.6	152.9	171.3
Net Financial Position	18.3	18.0	18.0
Adjustments	(1.3)	(1.5)	(1.8)
Equity Value on EV/EBITDA	161.6	169.3	187.6
Eu Per Share	14.0	13.4	14.8

Source: Alantra

DCF valuation

(Eu mn)	FY18A	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	TV
EBITDA	5.4	16.3	19.8	23.5	25.3	27.4	28.3	28.8
taxes on EBIT	(0.9)	(3.6)	(4.4)	(5.4)	(5.9)	(6.6)	(6.9)	(7.3)
Non recurring Cash-out	0.0	0.4	0.2	0.2	0.1	0.2	0.1	
NWC Change	(0.8)	(6.0)	(3.8)	(4.1)	(2.4)	(2.7)	(2.2)	0.0
Capex	(1.7)	(2.8)	(2.8)	(2.8)	(2.8)	(1.8)	(1.8)	(2.9)
Capex/Revenues	-4.9%	-4.3%	-3.6%	-3.1%	-2.9%	-1.7%	-1.7%	-3.0%
Free cash flow		4.3	9.0	11.4	14.4	16.4	17.5	213.9
Disc. Free Cash Flow		4.2	8.0	9.2	10.5	10.8	10.4	127.3
Total Disc. FCF	53.2							
Terminal value	127.3							
Total EV (Eu mn)	180.5							
NFP FY22	24.3							
Adjustments FY22	(0.9)							
TOTAL Equity Value	203.8							
# of shares (mn) fully diluted	12.6							
Equity Value per share (Eu)	16.1							

Implied multiples	FY23E	FY24E	FY25E
EV/ Adj. EBITDA	11.5 x	9.5 x	8.0 x
EV/Adj. EBIT	14.2 x	11.6 x	9.5 x
P/Adj. E	19.7 x	16.0 x	13.2 x

Source: Alantra

The weighted average of our mark-to-market DCF (70% weight) and the update of our relative valuation method (30%) deliver a TP of Eu15.5/share (from Eu12) on a fully diluted basis.

TP of Eu15.5/share

Method	Equity Value		
	(Eu mn)	(Eu per share)	Weight (%)
DCF	203.8	16.1	70%
Peers multiples	178.5	14.1	30%
Weighted AVG	196.2	15.5	
N. of shares (mn)			12.6

Source: Alantra

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