

POWERSOFT

Sector: Technology

Record EBITDA margin anticipates a good start to 2024

2H23 came in strong, beating our estimates, especially at the EBITDA level due to higher operating leverage, reaching a record high FY23 EBITDA margin of 28%. We believe that the group should continue to build momentum in 2024, bolstered by key partnerships, new products and internationalization efforts, further solidifying PWS's status as a sound technology partner. We thus upgrade our FY24-25E top-line (+2% average) and EBITDA (+3% average). All in all, we expect +12% CAGR 24-26E in sales with EBITDA margin normalizing at 26%, also factoring in additional personnel expansion to support higher expected business volume. Powersoft is trading at 8.0x 2024 EV/EBITDA, in line with peers, but is expected to deliver higher margins and growth rates. We reiterate our BUY rating and increase our fully diluted TP to Eu18.0/share (18% upside) from Eu15.5 after rolling over our relative and DCF valuation methods.

- **2H23 sales jumped by +27% yoy, beating our expectation.** 2H23 sales soared to Eu36.7mn, up by +27% yoy (above our Eu32.5mn) and reaching an all-time high interim level. The increase in top-line was mainly driven by Europe (+75% yoy; 52% of sales) and APAC as expected (+49% yoy; 18% of sales). US sales decreased to Eu8.6mn vs Eu12.7mn in 2H22. Other minor regions (6% of sales) registered triple-digit growth rate, confirming the group's execution of its internalization strategy. On a FY basis, revenues reached Eu70.3mn (+44% yoy).
- **Record EBITDA margin.** 2H23 EBITDA came in strong at Eu11.1mn (29.7% margin), up by 28% yoy and well above our estimate. We believe that the increase is mainly stemming from higher operating leverage and volumes. EBIT stood at Eu9.4mn (25% margin) from Eu7.4mn (25%) in 2H22, while net profit landed at Eu6.8mn (18% margin, >105% of net profit generated in FY22). On a FY basis, EBITDA margin expanded to 28% from 25% in 2022 with a bottom line of Eu12.1mn (almost doubled yoy). Net cash position stood at Eu17.8mn, in line with our figure. The decrease from Eu24.3mn at YE22 is mainly due dividends (Eu9.7mn) and NWC absorption (Eu13mn) linked to business growth. The BoD has proposed a DPS of Eu0.85/share, equal to a payout of c. 85% (5% yield), and the share buyback renewal.
- **2024 has started off on the right foot, focus on partnerships and new verticals.** The group foresees continuing its expansion across key international regions, while starting to bear fruits from recent partnerships. The agreement with Ferrari has raised the bar, allowing PWS to enter the segment of premium cars, and enhancing its brand positioning as the go to partner in high-end sound technology. The addition of new verticals within the installation market is the imperative, which should allow PWS to gain further market share. On top of that, the recently launched cloud-enabled products (Verso, Unica) are expected to provide further visibility in 2024. Together with the transformational growth, the group has announced the rental agreement for the new HQ in Scandicci. The new building, named the Powersoft Human Audio Experience Center, should be a reference hub for new sound technologies.
- **We uplift our FY24-25E estimates.** We increase our FY24-25E revenues (by +2% average) and raise FY24-25E EBITDA by +6% and +1%, respectively. We expect FY24E revenues of Eu79.9mn, implying +13.6% yoy, tush a more normalized growth rate than 2022-23 trend. We see FY24E EBITDA at Eu20.9mn/26.2% margin. We believe that the expected increase in business volume would require additional personnel costs and production capacity in the coming years. FY24 net cash should remain stable, reaching Eu21.5mn by 2026. This confirms strong M&A firepower, also thanks to a sound FCF conversion (>50% in FY24-26E).
- **BUY reiterated with TP to Eu18.0/share (from Eu15.5).** Powersoft is trading at 8.0x 2024 EV/EBITDA, in line with peers, but we expect higher growth rates and profitability across the board. We confirm our BUY rating and increase our fully diluted TP to Eu18.0/share (from Eu15.5), 18% upside, as a result of rolling over our relative and DCF valuation methods. The first awaited M&A deal of the group is the next catalyst, which could unlock additional value creation to the equity story.

BUY

Unchanged

TP 18.0

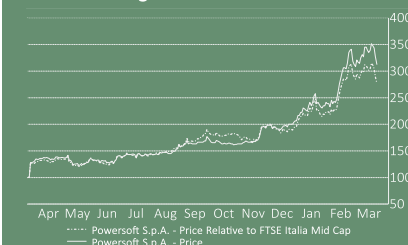
From 15.5

Target price upside 18%

Change in EPS est.	FY24E	FY25E
	4.3%	0.2%

Ticker (BBG, Reut)	PWS IM	PWS MI
Share price Ord. (Eu)		15.3
N. of Ord. shares (mn)		12.0
Total N. of shares (mn)		12.0
Market cap (Eu mn)		183
Total Market Cap (EU mn)		183
Free Float Ord. (%)		20.5%
Free Float Ord. (Eu mn)		38
Daily AVG Liquidity Ord. (Eu k)		75

	1M	3M	12M
Absolute Perf.	3.9%	63.3%	233.4%
Rel. to FTSEMidCap	-0.4%	55.8%	221.7%
52 weeks range		5.2	17.2



	FY23A	FY24E	FY25E
Sales	70	80	90
EBITDA adj.	19.7	20.9	23.7
Net profit adj.	12.1	12.2	14.2
EPS adj.	1.024	1.023	1.143
DPS - Ord.	nm	0.850	0.795
EV/EBITDA adj.	3.3x	8.0x	7.6x
P/E adj.	6.7x	15.0x	13.9x
Dividend yield	11.9%	5.6%	5.2%
FCF yield	-1.7%	5.7%	7.1%
Net debt/(Net cash)	(17.8)	(17.1)	(19.9)
Net debt/EBITDA	nm	nm	nm

Andrea Zampaloni

andrea.zampaloni@alantra.com
+39 02 63 671 621

Head of Research

Luca Arena

luca.arena@alantra.com
+39 02 63 671 620

Summary Financials (IFRS)

P&L account (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	48.2	69.3	78.8	89.1	99.8
Value of Production	48.8	70.3	79.9	90.1	100.8
EBITDA reported	12.4	19.7	20.9	23.7	26.7
D&A	(2.0)	(2.5)	(3.2)	(3.0)	(2.9)
EBIT reported	9.9	16.6	16.8	19.7	22.7
Net financial charges	(1.0)	(0.0)	(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	8.9	16.6	16.8	19.6	22.7
Taxes	(2.5)	(4.6)	(4.6)	(5.4)	(6.2)
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	6.3	12.1	12.2	14.2	16.5
EBITDA adjusted	12.4	19.7	20.9	23.7	26.7
EBIT adjusted	9.9	16.6	16.8	19.7	22.7
Net profit adjusted	6.3	12.1	12.2	14.2	16.5

Margins (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Gross margin	na	na	na	na	na
EBITDA margin (adj)	25.3%	28.0%	26.2%	26.3%	26.5%
EBIT margin (adj)	20.3%	23.7%	21.1%	21.8%	22.6%
Pre-tax margin	18.2%	23.6%	21.0%	21.8%	22.5%
Net profit margin (adj)	13.0%	17.1%	15.2%	15.8%	16.3%

Growth rates (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Sales	27.7%	44.0%	13.6%	12.8%	11.9%
EBITDA	93.0%	59.5%	6.3%	13.3%	12.7%
EBITDA adjusted	93.0%	59.5%	6.3%	13.3%	12.7%
EBIT	149.0%	68.1%	1.2%	16.8%	15.7%
EBIT adjusted	149.0%	68.1%	1.2%	16.8%	15.7%
Pre-tax	120.9%	87.6%	1.0%	16.8%	15.7%
Net profit	110.6%	90.0%	0.9%	16.8%	15.7%
Net profit adjusted	110.6%	90.0%	0.9%	16.8%	15.7%

Per share data	FY22A	FY23A	FY24E	FY25E	FY26E
Shares	11.728	11.838	11.969	12.907	12.907
Shares diluted	11.728	11.838	12.907	12.907	12.907
N. of shares AVG	11.401	11.783	11.904	12.438	12.907
N. of shares diluted AVG	11.401	11.783	12.672	12.672	12.672
EPS	0.557	1.024	1.023	1.143	1.275
EPS adjusted	0.557	1.024	1.023	1.143	1.275
DPS - Ord.	0.820	0.817	0.850	0.795	0.929
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	2.732	2.918	3.056	3.243	3.471

Enterprise value (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Share price Ord. (Eu)	4.4	6.9	15.3	15.3	15.3
Market cap Diluted	51.1	81.4	183.1	197.5	197.5
Net debt/(Net cash)	(24.3)	(17.8)	(17.1)	(19.9)	(21.5)
Adjustments	0.9	1.3	1.4	1.6	1.8
Enterprise value	27.7	64.9	167.4	179.1	177.7

Cash flow (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
EBITDA reported	12.4	19.7	20.9	23.7	26.7
Net financial charges	(1.0)	(0.0)	(0.1)	(0.1)	(0.1)
Cash taxes	(2.5)	(4.6)	(4.6)	(5.4)	(6.2)
Ch. in Working Capital	(1.3)	(13.4)	(3.1)	(1.6)	(3.2)
Other operating items	(2.5)	(0.3)	0.1	0.2	0.2
Operating cash flow	5.0	1.4	13.3	16.8	17.4
Capex	(2.2)	(2.7)	(2.9)	(2.8)	(2.7)
FCF	2.9	(1.3)	10.4	14.0	14.7
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	1.3	0.6	0.0	0.0	0.0
Others	2.3	0.0	0.0	0.0	0.0
Dividends	(1.8)	(9.7)	(10.2)	(10.3)	(12.0)
Ch. in NFP	4.7	(10.4)	0.2	3.8	2.7

Ratios (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Capex/VoP	4.4%	3.9%	3.6%	3.1%	2.7%
Capex/D&A	1.1x	1.1x	0.9x	0.9x	0.9x
FCF/EBITDA	23.1%	nm	49.7%	59.2%	55.1%
FCF/Net profit	44.9%	nm	85.5%	98.7%	89.5%
Dividend pay-out	-88.7%	84.3%	84.3%	84.3%	84.3%

Balance sheet (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Working capital	4.6	13.1	16.2	17.8	20.9
Fixed assets	3.2	4.8	4.5	4.2	4.1
Provisions & others	(0.9)	(1.3)	(1.4)	(1.6)	(1.8)
Net capital employed	6.9	16.6	19.2	20.4	23.3
Net debt/(Net cash)	(24.3)	(17.8)	(17.1)	(19.9)	(21.5)
Equity	31.1	34.4	36.4	40.3	44.8
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Working capital/VoP	9.4%	18.6%	20.3%	19.7%	20.8%
Net debt/Equity	nm	nm	nm	nm	nm
Net debt/EBITDA	nm	nm	nm	nm	nm

Valuation	FY22A	FY23A	FY24E	FY25E	FY26E
EV/CE	3.5x	3.6x	8.1x	8.1x	7.1x
P/BV	1.6x	2.4x	5.0x	4.9x	4.4x
EV/Sales	0.6x	0.9x	2.1x	2.0x	1.8x
EV/EBITDA	2.2x	3.3x	8.0x	7.6x	6.7x
EV/EBITDA adjusted	2.2x	3.3x	8.0x	7.6x	6.7x
EV/EBIT	2.8x	3.9x	9.9x	9.1x	7.8x
EV/EBIT adjusted	2.8x	3.9x	9.9x	9.1x	7.8x
P/E	8.0x	5.3x	13.6x	12.5x	10.7x
P/E adjusted	8.0x	6.7x	15.0x	13.9x	12.0x
ROCE pre-tax	118.6%	129.5%	87.4%	92.2%	96.8%
ROE	20.4%	35.1%	33.5%	35.3%	36.7%
EV/FCF	9.7x	-48.2x	16.1x	12.8x	12.1x
FCF yield	5.6%	-1.7%	5.7%	7.1%	7.5%
Dividend yield	18.8%	11.9%	5.6%	5.2%	6.1%

Share price performance

PWS share price is up by c. 60% YTD



Valuation

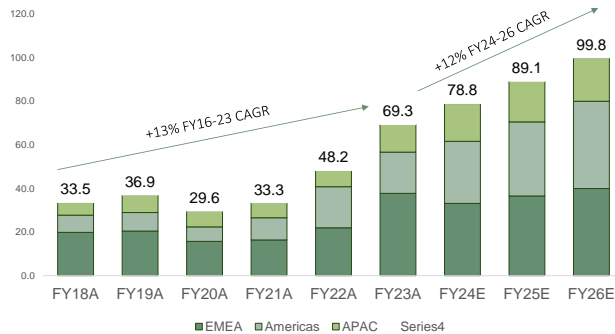
Multiples are well below the peak reached in 2021 despite recent re-rating



Key Charts

Powersoft – Sales (FY18A-26E)

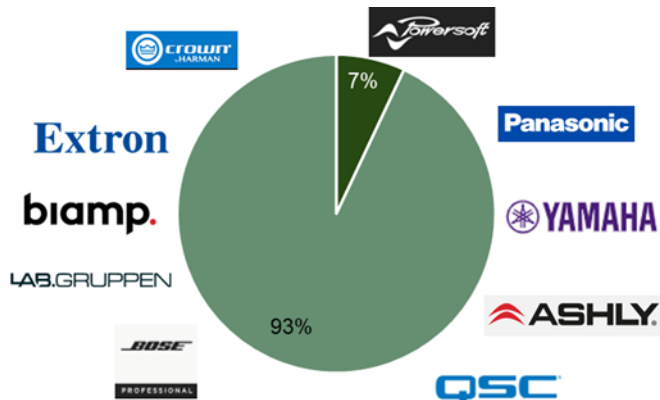
+12% sales CAGR over FY22-25 with Americas / APAC being the best performers



Source: Powersoft, Alantra estimates

Powersoft's estimated market share in rack amplifiers

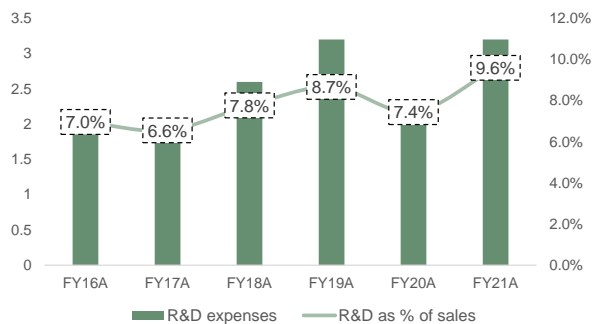
We estimate a market share of 7% in professional rack amplifiers (the core business of Powersoft)



Source: Alantra estimate

Powersoft – R&D expenses

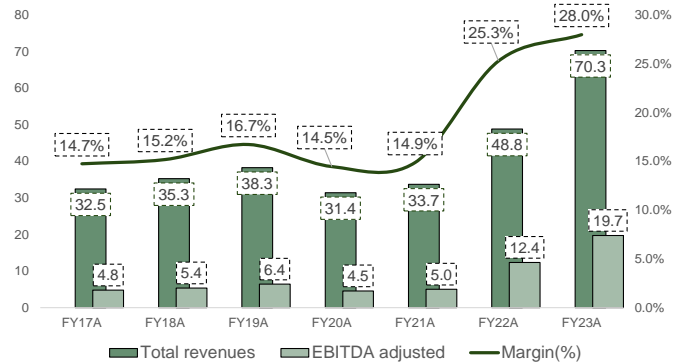
R&D expenses are constantly at high single digit



Source: Powersoft, Alantra

Powersoft – Historical financials (FY17-23A)

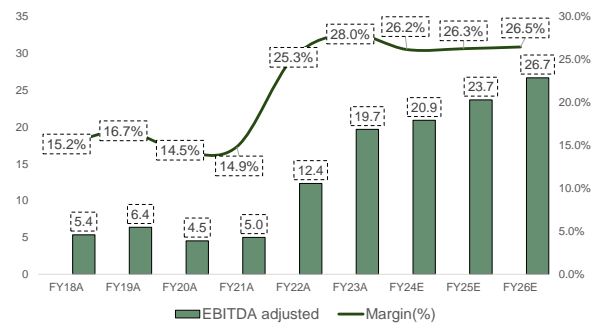
+13% top line CAGR in 2017-23 with EBITDA margin reaching 28% in 2023



Source: Powersoft financial reports

Powersoft – Adj. EBITDA and margin (FY18A-26E)

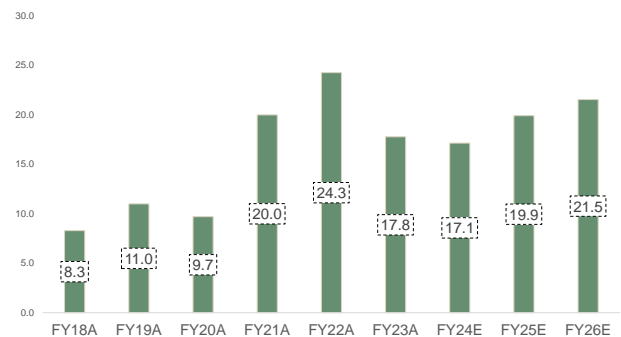
EBITDA margin should normalize to c. 26% in FY24-26, due to higher personnel to support mounting volumes in business



Source: Powersoft, Alantra Estimates

Powersoft – Net Cash position

Ample room for acquisitions and/or dividend distribution



Source: Powersoft, 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 7% 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 much faster than its reference market over the 16-23 period (+14% vs +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 in the coming years. Looking forward, we see a 12% revenue CAGR over FY24-26 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 in the region of 26% by 2024 onward from 14.5% in 2020.
Strategy	The group is bearing fruits from a new strategic chapter started in 2021: (i) shift from supplier to partner in sound technology, and (ii) from large installations requiring high power amplifiers to the large addressable market of small commercial installations around the globe. 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 Eu45mn. 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 (e.g. partnership with Ferrari).

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. 79.20%
Lorenzo Lepri 3.08%

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

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

2H/FY23 Results

Strong set of results

2H23 sales jumped by +27% yoy, beating our expectation with FY EBITDA margin at record level (28% on sales).

Eu mn	Alantra					Alantra				
	2H22A	2H23E	YoY%	2H23E	AvE	FY22A	FY23A	YoY%	FY23E	AvE
Net sales	28.9	36.7	27%	32.5	13%	48.2	69.3	44%	65.1	6%
Total Revenues	29.2	37.3	28%	32.7	14%	48.8	70.3	44%	65.7	7%
EBITDA adjusted	8.7	11.1	28%	7.7	44%	12.4	19.7	60%	16.3	21%
Ebitda Margin %	29.7%	29.7%		23.5%		25.3%	28.0%		24.8%	
EBIT adjusted	7.4	9.4	27%	5.9	60%	9.9	16.6	68%	13.1	27%
Ebit Margin %	25.3%	25.2%		17.9%		20.3%	23.7%		20.0%	
Restated Net Profit	4.9	6.8	38%	4.2	61%	6.3	12.1	90%	9.5	27%
Net Profit Margin %	17.0%	18.3%		13.0%		13.0%	17.1%		14.4%	
NFP end of the period	24.3	17.8		18.3		24.3	17.8		18.3	

Source: Company data and Alantra estimates

Change in estimates

We improve our estimates

We uplift our FY24-25E estimates

(Eu mn)	NEW estimates			Change			OLD estimates		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Total Revenues / Value of Production	79.9	90.1	100.8	3.2%	1.3%	na	77.4	89.0	na
EBITDA Reported	20.9	23.7	26.7	5.6%	1.0%	na	19.8	23.5	na
EBIT Reported	16.8	19.7	22.7	4.2%	0.2%	na	16.2	19.6	na
Pretax Profit	16.8	19.6	22.7	4.3%	0.2%	na	16.1	19.6	na
Net profit	12.2	14.2	16.5	4.3%	0.2%	na	11.7	14.2	na
EPS	0.943	1.102	1.275	4.3%	0.2%	na	0.905	1.100	na
Net financial position	17.1	19.9	21.5	0.9	(1.9)	na	18.0	18.0	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 c. Eu50mn in 2024

Acquisition multiple (EV/EBITDA)					
	5.6x	6.6x	7.6x	8.6x	9.6x
EBITDA of the target - Eu mn					
2024	9.6	7.9	6.7	5.8	5.1
Additional Debt (Deals 100% financed with debt) - Eu mn					
2024	53.2	51.5	50.3	49.4	48.7
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 trading in line vs peer on EV/EBITDA 2025/2026E multiples

Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
POWERSOFT	ITALY	192	2.1 x	2.0 x	1.8 x	8.0 x	7.6 x	6.7 x	9.9 x	9.1 x	7.8 x	13.6 x	12.5 x	10.7 x
Premium (discount) to Peers' Median			35%	34%	25%	-5%	-1%	0%	-9%	-15%	-8%	-15%	-8%	-3%
PEERS			Average	1.6 x	1.5 x	1.3 x	8.7 x	7.8 x	6.6 x	11.6 x	10.5 x	8.6 x	17.3 x	12.4 x
			Median	1.6 x	1.5 x	1.4 x	8.4 x	7.7 x	6.6 x	11.0 x	10.7 x	8.5 x	16.0 x	13.6 x
B&C Speakers S.p.A.	ITALY	191	1.8 x	1.7 x	1.6 x	8.0 x	7.5 x	7.0 x	8.7 x	8.1 x	7.6 x	11.5 x	10.7 x	10.0 x
Focusrite PLC	UNITED KINGDOM	217	1.3 x	1.2 x	1.2 x	7.4 x	7.1 x	6.2 x	11.0 x	10.7 x	9.4 x	15.9 x	14.7 x	12.1 x
Sound Peers			Average	1.6 x	1.5 x	1.4 x	7.7 x	7.3 x	6.6 x	9.8 x	9.4 x	8.5 x	13.7 x	12.7 x
			Median	1.6 x	1.5 x	1.4 x	7.7 x	7.3 x	6.6 x	9.8 x	9.4 x	8.5 x	13.7 x	12.7 x
Cirrus Logic, Inc.	UNITED STATES	4,531	2.6 x	2.6 x	na	10.0 x	11.3 x	na	11.0 x	10.3 x	na	14.6 x	13.7 x	na
SECO S.p.A.	ITALY	466	2.4 x	2.1 x	2.0 x	10.1 x	8.2 x	7.5 x	15.2 x	12.1 x	11.0 x	21.1 x	14.7 x	14.1 x
Kontron AG	GERMANY	1,454	1.0 x	0.9 x	0.6 x	8.6 x	7.8 x	5.7 x	12.4 x	11.1 x	6.5 x	16.0 x	13.4 x	8.5 x
Eurotech S.p.A.	ITALY	63	0.8 x	0.7 x	na	8.3 x	4.7 x	na	na	na	na	24.7 x	6.9 x	na
Electronics Peers			Average	1.7 x	1.6 x	1.3 x	9.2 x	8.0 x	6.6 x	12.8 x	11.2 x	8.8 x	19.1 x	12.2 x
			Median	1.7 x	1.5 x	1.3 x	9.3 x	8.0 x	6.6 x	12.4 x	11.1 x	8.8 x	18.6 x	13.6 x
Live Nation Entertainment, Inc.	UNITED STATES	22,617	1.0 x	0.9 x	0.8 x	11.8 x	10.6 x	9.4 x	20.0 x	16.9 x	14.4 x	nm	45.8 x	37.0 x
CTS Eventim AG & Co. KGaA	GERMANY	7,147	2.5 x	2.4 x	1.9 x	12.6 x	12.1 x	9.6 x	15.1 x	14.7 x	10.5 x	27.8 x	27.1 x	22.4 x
Madison Square Garden Sports Corp. Class A	UNITED STATES	3,272	5.0 x	4.9 x	4.5 x	nm	nm	nm	nm	nm	nm	nm	nm	nm
GL Events SA	FRANCE	566	0.7 x	0.7 x	na	3.9 x	3.6 x	na	6.9 x	6.1 x	na	7.7 x	7.4 x	na
Eventbrite, Inc. Class A	UNITED STATES	454	1.1 x	0.8 x	1.1 x	8.1 x	4.9 x	6.2 x	na	na	35.3 x	na	na	nm
Live Events Companies			Average	2.1 x	1.9 x	2.1 x	9.1 x	7.8 x	8.4 x	14.0 x	12.6 x	20.1 x	17.7 x	26.8 x
			Median	1.1 x	0.9 x	1.5 x	10.0 x	7.7 x	9.4 x	15.1 x	14.7 x	14.4 x	17.7 x	27.1 x

Source: Alantra estimates and Factset

Financials

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

Company	Country	Mkt Cap (Eu mn)	FY24E - FY26E average margins					CAGR FY23A - FY26E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	Net Profit
POWERSOFT	ITALY	192	26.3%	21.8%	15.8%	3.1%	84.3%	12.8%	10.7%	11.0%	10.9%
B&C Speakers S.p.A.	ITALY	191	23.0%	21.3%	15.4%	0.9%	55.0%	9.9%	9.1%	9.9%	10.1%
Focusrite PLC	UNITED KINGDOM	217	17.9%	12.0%	8.3%	4.8%	32.5%	-1.8%	-6.1%	-11.6%	-11.7%
Sound Peers			Average	20.5%	16.6%	11.9%	2.9%	43.8%	4.0%	1.5%	-0.9%
			Median	20.5%	16.6%	11.9%	2.9%	43.8%	4.0%	1.5%	-0.9%
Cirrus Logic, Inc.	UNITED STATES	4,531	24.6%	24.6%	19.3%	2.3%	na	na	na	na	na
SECO S.p.A.	ITALY	466	25.4%	17.1%	9.1%	8.5%	0.0%	11.7%	15.4%	28.5%	34.8%
Kontron AG	GERMANY	1,454	10.8%	8.1%	6.5%	4.1%	47.8%	24.9%	20.6%	nm	nm
Eurotech S.p.A.	ITALY	63	8.9%	3.8%	2.0%	4.3%	0.0%	8.7%	27.6%	99.8%	80.2%
Italian Electronics companies			Average	17.4%	13.4%	9.2%	4.8%	15.9%	15.1%	21.2%	64.1%
			Median	17.7%	12.6%	7.8%	4.2%	0.0%	11.7%	20.6%	64.1%
Live Nation Entertainment, Inc.	UNITED STATES	22,617	10.8%	8.1%	6.5%	4.1%	47.8%	24.9%	20.6%	30.7%	30.6%
CTS Eventim AG & Co. KGaA	GERMANY	7,147	12.0%	na	na	na	na	na	na	na	na
Madison Square Garden Sports Corp. Class A	UNITED STATES	3,272	8.7%	5.4%	2.3%	2.2%	0.0%	7.8%	11.4%	16.2%	34.3%
GL Events SA	FRANCE	566	19.8%	16.9%	11.5%	3.4%	50.3%	4.4%	2.7%	6.2%	4.6%
Eventbrite, Inc. Class A	UNITED STATES	454	10.5%	11.7%	6.4%	0.3%	0.0%	3.1%	0.8%	na	na
Live events companies			Average	12.3%	10.5%	6.7%	2.5%	24.5%	10.1%	8.9%	17.7%
			Median	10.8%	9.9%	6.5%	2.8%	23.9%	6.1%	7.1%	16.2%

Source: Alantra estimates and Factset

Performance

The stock is up c. 60% YTD, overperforming peers

Company	Country	Mkt Cap (Eu mn)	Performance						
			1M	3M	6M	1YR	3YR	5YR	YTD
POWERSOFT	ITALY	192	3.9%	63.3%	96.3%	233.4%	327.3%	250.7%	58.4%
PEERS			-6.0%	-6.4%	1.2%	-4.7%	4.0%	25.5%	-8.2%
Average			-3.6%	0.5%	1.4%	-3.6%	-3.6%	-9.4%	-5.4%
Median									
B&C Speakers S.p.A.	ITALY	191	2.4%	2.7%	11.2%	26.6%	50.2%	37.3%	-5.4%
Focusrite PLC	UNITED KINGDOM	217	-30.0%	-45.7%	-40.6%	-49.6%	-72.4%	-35.3%	-46.6%
Carel Industries SpA	ITALY	2,234	-11.5%	-18.3%	-7.5%	-15.7%	21.6%	119.9%	-19.9%
Eurotech S.p.A.	ITALY	63	-14.1%	-28.3%	-26.4%	-45.7%	-64.9%	-57.5%	-27.9%
SECO S.p.A.	ITALY	466	6.6%	1.0%	-13.5%	-27.1%	na	na	2.0%
Live Nation Entertainment, Inc.	UNITED STATES	22,617	13.4%	15.9%	32.9%	60.0%	25.8%	68.4%	13.2%
CTS Eventim AG & Co. KGaA	GERMANY	7,147	3.6%	17.1%	38.0%	24.7%	42.4%	82.7%	18.9%
Madison Square Garden Sports Corp.	UNITED STATES	3,272	-4.9%	1.9%	0.9%	-2.4%	-3.6%	-10.8%	0.2%
Eventbrite, Inc. Class A	UNITED STATES	454	-30.0%	-30.5%	-41.9%	-33.8%	-76.1%	-73.3%	-31.9%

Source: Alantra estimates and Factset

Disclaimer

Explanation of Ratings: Alantra Capital Markets Sociedad de Valores SAU (Italian Branch) ("Alantra CM (Italian Branch)") Research Department provides six core ratings: BUY, HOLD, SELL, NOT RATED, UNDER REVIEW and SUSPENDED, based on the expected performance over the next 12 months.

BUY: The stock is expected to generate returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate returns of 0-10% during the next 12 months.

SELL: The stock is expected to generate negative returns during the next 12 months.

NOT RATED: The stock is not covered.

UNDER REVIEW: An event occurred with an expected significant impact on our target price and we cannot issue a recommendation before having processed that new information and/or without a new share price reference.

SUSPENDED: Alantra CM (Italian Branch) is precluded from providing an investment rating or price target for compliance reasons.

Due to share price volatility, ratings and target prices may occasionally and temporarily be inconsistent with the above definition.

This report has been prepared by Alantra CM (Italian Branch), which is pertaining to the Alantra Group, a financial Spanish group that provides investment banking, asset management, equities brokerage, capital markets and financial advisory services.

Analyst Certification

Each authoring analyst of Alantra CM (Italian Branch) whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research.

This report is solely for the information of clients of Alantra CM (Italian Branch) and for distribution only under such circumstances as may be permitted by applicable law. Alantra CM (Italian Branch) specifically prohibits the redistribution of this material in whole or in part without the prior written permission of Alantra CM (Italian Branch) and therefore Alantra CM (Italian Branch) accepts no liability whatsoever for the actions or third parties in this respect.

Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. This report is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. The information contained in this research has been compiled by Alantra CM (Italian Branch) from sources believed to be reliable, but no representation or warranty, either expressed or implied, is provided in relation to the fairness, accuracy, completeness or correctness of the information contained herein, nor it is intended to be a complete statement or summary of the securities or markets referred to in this report. Alantra CM (Italian Branch) nor any of its affiliates has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Alantra CM (Italian Branch)'s judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability. Alantra CM (Italian Branch) its affiliated companies or any other person does not undertake that investors will obtain profits nor accept any liability for any investment losses arising from any use of this report or its contents. This report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas of the Alantra Group as a result of using different assumptions and criteria. Research will be initiated, updated and coverage ceased solely at the discretion of Alantra CM (Italian Branch). The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. Alantra CM (Italian Branch) is under no obligation or keep current the information contained in this report.

From time to time, Alantra CM (Italian Branch) salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our principal trading desk that reflect opinions that are contrary to the opinions expressed in this research. Alantra CM (Italian Branch)'s affiliates, principal trading desk, and investing businesses also from time to time may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

Investments involve risks and investors should exercise prudence in making their investment decisions. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Stocks bear significantly risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in a material loss. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report.

Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been realized at those prices.

Neither Alantra CM (Italian Branch) nor any of the companies pertaining to the Alantra Group nor any of their shareholders, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report.

Except as otherwise specified herein, this material is exclusively communicated by Alantra CM (Italian Branch) to persons who are eligible counterparties or professional clients and is only available to such persons. The information contained herein does not apply to retail clients.

The analysts responsible for the preparation of this report may interact with trading desk personnel, sales personnel and investment managers. Alantra CM (Italian Branch), any other company pertaining to the Alantra Group, and any of their shareholders, directors, employees may, to the extent permitted by law, have a position or otherwise be interested in any transactions, in any investments directly or indirectly the subject of this publication. The Alantra Group relies on information barriers to control the flow of information contained in one or more areas within the Alantra Group, into other areas, units, groups or affiliates of the Alantra Group. The Alantra Group may do and seek to do business with companies covered in its research reports. As a result, investors should be aware that the Alantra Group may have a conflict of interests. Information regarding transactions in which the Alantra Group has acted as an advisor, or provided professional services, is available on Alantra Group's website (<http://www.alantra.com>). The Alantra Group has established, implemented and maintains an effective conflicts of interest policy appropriate to its size and organization and to the nature, scale and complexity of its business. Investors should consider this report as only a single factor in making their investment decisions.

Conflict of interest

In order to disclose its possible conflicts of interest Alantra states that:

- Alantra is Corporate Broker of the following Companies: Openjobmetis, Eurotech, Talea Group, ICF, Tecma Solutions, Planetel, Powersoft, ATON Green Storage, Giglio.com, Almaxwave, Bifire, ESI, Indel B, Solid World Group, Comer Industries, Edil San Felice, Fae Technology, Kruso Kapital

Research Distribution Policy

Alantra, according to article 3, paragraph 1, numbers (34) and (35) Regulation (EU) No 596/2014, has been commissioned to produce Equity Research for the Company by arrangement with the Specialist engaged by the Company.

Alantra CM (Italian Branch) research will be available simultaneously for all of Alantra CM (Italian Branch)'s customers who are entitled to receive the firm's research. Research may be distributed by the firm's sales and trading personnel via email, instant message or other electronic means. Customers entitled to receive research may also receive it via third party vendors. Until such time as research is made available to Alantra CM (Italian Branch)'s customers as described above, Authoring Analysts will not discuss the contents of their research with Sales and Trading or Investment Banking employees without prior compliance consent.

For further information about the proprietary model(s) associated with the covered issuer(s) in this research report, clients should contact their local sales representative.

The disclosures contained in research reports produced by Alantra CM (Italian Branch) shall be governed by and construed in accordance with Spanish and Italian laws.

The receipt of this report implies full acceptance by its recipients of the contents of this disclaimer.

Alantra Capital Markets Sociedad de Valores SAU is the Spanish investment firm located in Madrid, Calle de José Ortega y Gasset 29, registered at the Comisión Nacional del Mercado de Valores (CNMV) with number 258. Alantra CM (Italian Branch) is located in Milano (Italy), Via Borgonuovo 16 with number 155.