

## Fervi's FY24 results hit by industrial slowdown

ADD | Fair Value: €20.3 (€22.3) | Current Price: €15.0 | Upside: +35.3%

€ Million	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E	FY28E
Sales Revenues	37.9	57.3	56.4	54.1	52.8	54.1	56.0	57.9
EBITDA	5.8	7.9	8.2	7.4	7.8	8.3	9.0	9.7
margin	15.2%	13.9%	14.5%	13.6%	14.7%	15.4%	16.1%	16.8%
Net Profit	3.2	3.6	3.9	2.7	3.2	4.3	4.7	5.2
margin	8.4%	6.3%	7.0%	5.0%	6.0%	8.0%	8.5%	9.0%
EPS (€)	1.25	1.42	1.54	1.07	1.25	1.70	1.87	2.06
NFP	10.4	11.2	7.6	8.1	4.7	0.7	(3.6)	(8.2)

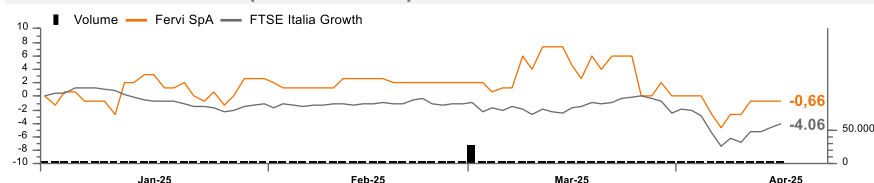
Source: Company data (2021A–24A), KT&amp;Partners' elaboration (2025E–28E).

**FY24 Financial Results.** On March 26, 2025, Fervi Group released its FY24 financial results, reporting sales revenues of €54.1mn (-4.1% YoY from €56.4mn in FY23), below our estimate of €55.6mn (-2.6%). The decline was primarily due to a slowdown in industrial activity, particularly in 4Q24, which negatively impacted order intake, especially at subsidiary Rivit S.r.l. Total revenues amounted to €54.5mn (-5.2% YoY), influenced by a reduction in the change of inventories of finished products (€0.2mn vs. €0.8mn in FY23). Gross profit remained stable at €27.5mn (vs. €27.6mn in FY23), thanks to a lower incidence of products and raw material costs; the latter include a €2.5mn increase in raw material inventories intended to hedge against longer lead times and Suez Canal-related risks. EBITDA fell to €7.4mn (-10.3% YoY), under our estimate of €7.9mn (-7.0%), impacted by higher incidence of operating costs, notably for services and personnel. As a result, the EBITDA margin declined to 13.6% from 14.5% in FY23. Net income came in at €2.7mn (-30.6% YoY), and below our estimate of €3.5mn, with a net margin of 5.0%, reflecting the higher tax burden after the expiry of the Patent Box benefit and the recognition of an €80k litigation provision. The Net Financial Position worsened to €8.1mn from €7.6mn at FY23 year-end, primarily due to €2.8mn in CapEx investments (notably Vogel Germany's new warehouse and the new parent company's offices and showroom) and a €1.2mn dividend outflow in May 2024.

**Change in Estimates.** Following the release of Fervi Group's FY24 financial results, which fell short of our expectations, we revised our prior estimates for the FY25E–27E period and introduced estimates for FY28E, accounting for a weaker macroeconomic outlook and slower growth prospects. We now forecast FY25E sales revenues to decline to 52.8mn (-2.5% YoY from €54.1mn in FY24A) and below our previous estimate of €57.2mn. Over FY24A–FY28E, we project revenues to grow at a 1.7% CAGR, reaching €57.9mn by FY28E. At the EBITDA level, we now estimate FY25E EBITDA at €7.8mn (vs. €8.5mn previously estimated), growing at a 7.3% CAGR to €9.7mn in FY28E. The EBITDA margin is expected at 14.7% in FY25E, improving to 16.8% by FY28E. For the bottom-line, we now project FY25E net income at €3.2mn (6.0% margin), below our prior estimate of €3.9mn, with net profit growing at a 17.8% CAGR to €5.2mn in FY28E, benefiting from the end of amortization of the know-how inherited from Rivit's acquisition, which is set to expire this year. Finally, we forecast FY25E net debt to be €4.7mn (vs. €3.7mn in our previous estimate), accounting for a higher level of inventories besides the lower operating cash flow expected for the year. We then expect the NFP to improve, reaching a net cash position of -€8.2mn by FY28E, assuming a 27% dividend pay-out ratio over the period.

**Valuation.** Our valuation, based on both DCF and market multiple methods (EV/EBITDA and P/E multiples), returns an equity value of €51.4mn or €20.3ps, implying a +35.3% potential upside on the current market price.

## Performance Chart YTD (Source: Factset)



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## Research Update

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## Market Data

Main Shareholders	
1979 Investimenti Srl	78.63%
Roberto Megna	7.54%
Guido Greco	2.04%
Mkt Cap (€ mn)	38.0
EV (€ mn)	48.4
Shares out. (mn)	2.5
Free Float	11.5%

Market multiples	2024A	2025E	2026E
EV/EBITDA			
Fervi SpA	6.3x	5.9x	5.5x
Comps Median	10.9x	10.9x	9.9x
Fervi SpA vs Median	-42%	-46%	-44%
P/E			
Fervi SpA	14.0x	12.0x	8.8x
Comps Median	18.4x	17.4x	16.0x
Fervi SpA vs Median	-24%	-31%	-45%

## Stock Data

52 Wk High (€)	18.50
52 Wk Low (€)	13.80
Avg. Daily Trading 90d	757
Price Change 1w (%)	4.17
Price Change 1m (%)	-7.41
Price Change YTD (%)	-0.66

KT&PARTNERS PREPARED THIS DOCUMENT PURSUANT TO AN ENGAGEMENT LETTER ENTERED INTO WITH MIT SIM S.P.A. ACTING AS SPECIALIST IN ACCORDANCE WITH ART. 35 OF EURONEXT GROWTH MILAN MARKET RULES FOR COMPANIES

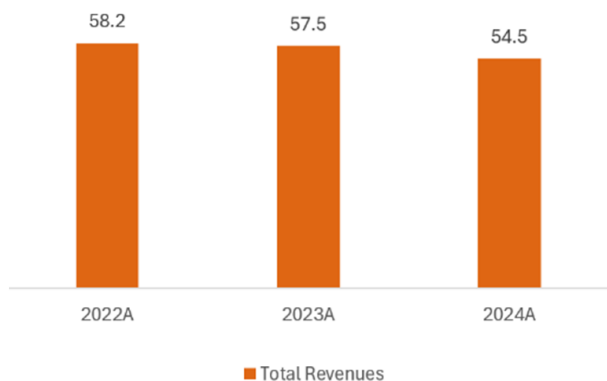
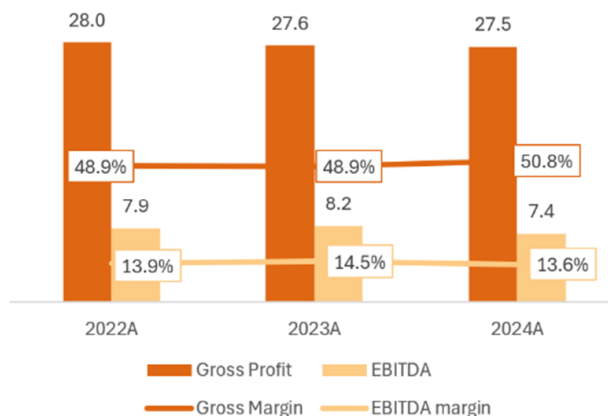
**Key Figures – Fervi Group SpA**

Current price (€)	Fair Value (€)		Sector					Free Float (%)
15.0	20.3		Industrial Machinery					11.5
Per Share Data	2021A	2022E	2023E	2024A	2025E	2026E	2027E	2028E
Total shares outstanding (mn)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
EPS	1.3	1.4	1.5	1.1	1.3	1.7	1.9	2.1
Dividend per share (ord)	0.35	0.40	0.47	0.35	0.37	0.39	0.41	0.43
Dividend pay out ratio (%)	28.9%	27.9%	28.1%	30.4%	32.7%	29.4%	22.7%	21.7%
Profit and Loss (EUR million)	2021A	2022E	2023E	2024A	2025E	2026E	2027E	2028E
Sales Revenues	37.9	57.3	56.4	54.1	52.8	54.1	56.0	57.9
EBITDA	5.8	7.9	8.2	7.4	7.8	8.3	9.0	9.7
EBIT	4.4	5.1	5.4	4.4	4.8	6.5	7.2	7.9
EBT	4.2	5.1	5.2	4.2	4.6	6.2	6.9	7.6
Taxes	(1.0)	(1.4)	(1.3)	(1.5)	(1.4)	(1.9)	(2.1)	(2.3)
Tax rate	24%	29%	25%	36%	31%	31%	31%	31%
Net Income	3.2	3.6	3.9	2.7	3.2	4.3	4.7	5.2
Net Income attributable to the Group	3.2	3.6	3.9	2.7	3.2	4.3	4.7	5.2
Balance Sheet (EUR million)	2021A	2022E	2023E	2024A	2025E	2026E	2027E	2028E
Total fixed assets	15.4	14.5	12.4	13.1	11.5	10.3	9.1	8.0
Net Working Capital (NWC)	25.0	29.5	31.1	32.5	33.4	34.3	35.1	36.2
Provisions	(4.0)	(4.1)	(4.0)	(4.2)	(4.5)	(4.8)	(5.1)	(5.4)
Total Net capital employed	36.4	39.9	39.4	41.5	40.4	39.8	39.2	38.8
Net financial position/(Cash)	10.4	11.2	7.6	8.1	4.7	0.7	(3.6)	(8.2)
Total Shareholder's Equity	26.0	28.7	31.8	33.4	35.7	39.1	42.8	47.0
Cash Flow (EUR million)	2021A	2022E	2023E	2024A	2025E	2026E	2027E	2028E
Net operating cash flow	4.7	6.5	6.8	5.8	6.3	6.3	6.8	7.3
Change in NWC	(8.2)	(4.5)	(1.6)	(1.4)	(0.8)	(0.9)	(0.9)	(1.1)
Capital expenditure	(9.9)	(1.8)	(1.0)	(3.6)	(1.2)	(0.6)	(0.6)	(0.6)
Other cash items/Uses of funds	0.6	(0.0)	0.3	0.1	0.2	0.2	0.2	0.2
Free cash flow	(12.7)	0.1	4.6	0.8	4.4	5.1	5.6	5.8
Enterprise Value (EUR million)	2021A	2022E	2023E	2024A	2025E	2026E	2027E	2028E
Market Cap	37.1	38.2	45.2	38.1	38.1	38.1	38.1	38.1
Minorities	-	-	-	-	-	-	-	-
Net financial position/(Cash)	10.4	11.2	7.6	8.1	4.7	0.7	(3.6)	(8.2)
Enterprise value	47.5	49.4	52.8	46.1	42.8	38.8	34.5	29.9
Ratios (%)	2021A	2022E	2023E	2024A	2025E	2026E	2027E	2028E
EBITDA margin	15.2%	13.9%	14.5%	13.6%	14.7%	15.4%	16.1%	16.8%
EBIT margin	11.6%	9.0%	9.6%	8.2%	9.2%	12.1%	12.8%	13.6%
Gearing - Debt/equity	40.0%	39.0%	23.9%	24.1%	13.1%	1.9%	-8.5%	-17.5%
Interest cover on EBIT	3.8%	1.4%	3.8%	4.0%	4.8%	4.0%	3.9%	3.5%
NFP/EBITDA	180.2%	140.9%	92.8%	109.6%	60.2%	8.9%	-40.2%	-84.4%
ROCE	12.1%	12.9%	13.8%	10.7%	12.0%	16.4%	18.3%	20.3%
ROE	12.2%	12.6%	12.3%	8.1%	8.9%	11.0%	11.1%	11.1%
EV/Sales	1.2x	0.8x	0.8x	0.9x	0.9x	0.9x	0.8x	0.8x
EV/EBITDA	8.0x	5.8x	5.6x	6.3x	5.9x	5.5x	5.1x	4.7x
P/E	12.0x	10.5x	9.7x	14.0x	12.0x	8.8x	8.0x	7.3x
Free cash flow yield	-28.2%	0.3%	8.6%	1.7%	9.6%	10.9%	12.0%	12.6%
Growth Rates (%)	2021A	2022E	2023E	2024A	2025E	2026E	2027E	2028E
Sales	44.9%	50.9%	-1.5%	-4.1%	-2.5%	2.5%	3.5%	3.5%
EBITDA	40.4%	37.6%	3.1%	-10.3%	5.5%	7.4%	8.2%	8.0%
EBIT	44.1%	17.1%	5.8%	-18.6%	9.6%	34.5%	9.9%	9.8%
Net Income	39.3%	13.5%	8.6%	-30.6%	16.7%	35.7%	10.1%	10.2%

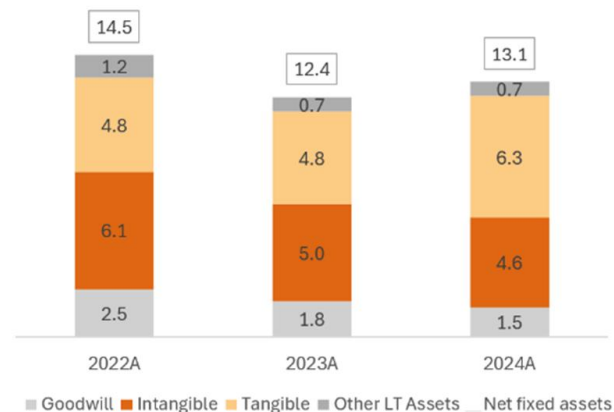
Source: Company Data (2021A-2024A), KT&amp;Partners' forecasts (2025E-2028E)

## Key charts

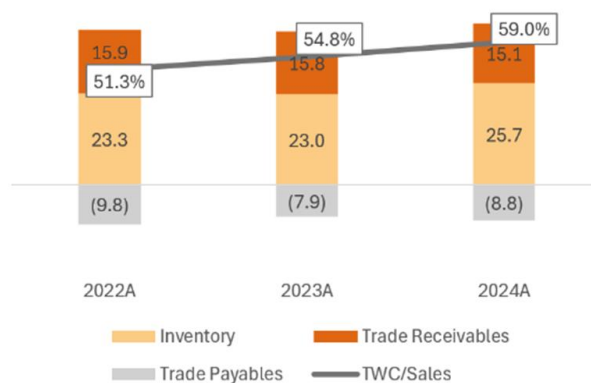
Total Revenues (€mn)

Gross Profit and EBITDA (€mn, %)<sup>1</sup>

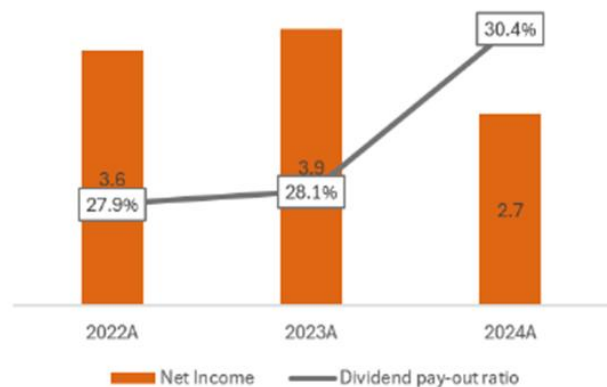
Net Fixed Assets (€mn)



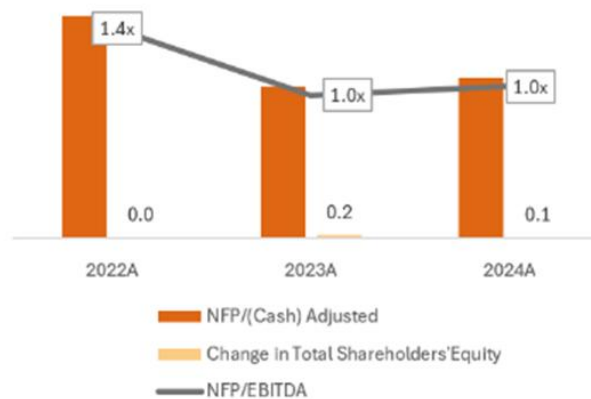
Trade Working Capital (€mn, %)



Net Income, Dividend Pay-Out Ratio (€mn, %)



NFP, Change in Shareholders' Equity and NFP/EBITDA (€mn)

<sup>1</sup> Margins are calculated on Total Revenues

## Overview

### *Company description*

Fervi S.p.A. is an Italian company established in 1978 in Vignola (MO), leader in the maintenance, repairs, and operations (MRO) industry.

Fervi Group's mission is to project, produce, select, and distribute machinery, mechanical tools, and equipment at the best quality-price ratio, guaranteeing safety and service standards well above its direct competitors. In order to achieve this objective, Fervi Group offers the most suitable, functional, and safest products to workers and artisans to solidly improve the productivity and quality of their daily work.

The Group's offer includes nine product categories, including machine tools, hand tools, abrasives, and a catalogue which grew from 3,800 references in 2012 to more than 60,000, available to maintenance and repair professionals in the industrial, artisan, and automotive sectors. Driven by its strategy of assortment expansion along with a focus on innovation and customer support, the Group has become Italy's leading player in the MRO sector.

### *Investment case*

- **The Group provides solutions for every need**, with a very broad portfolio of 9 different products' categories and 60,000+ references.
- **Proven M&A track record over the years.** Since 2015, the Group has increased its international presence, completing five acquisitions both in Italy and abroad.
- **Competitive positioning in a very fragmented market**, thanks to its distinctive business model based on a go-to-market approach.
- **Constant profitability and cash-flow generation allowing a sustainable dividend policy.** The Group achieved total revenues CAGR19-24A of 13.4% (considering also the contribution of the companies acquired during the period) and an average double-digit EBITDA margin of 14.7%. Thanks to its strong cash generation, with an avg. operating cash flow (OCF) over 2019-2024 of €2.6mn and an average OCF/EBITDA ratio of ~40%, the Group between 2019 and 2024 had an average pay-out ratio of 27.1%.
- **Successful management team**, with proven experiences in M&A transactions, including cross-border deals, and years of experience in different markets that consolidated the medium-long term vision of the Group.
- **Commitment to sustainability.** The Group showed strong attention to environmental and social issues by both implementing a sustainable environmental strategy and taking part in social inclusion projects.
- **Consolidation of market position and product portfolio expansion at the core of its strategy.** Fervi Group's business strategy is based on i) external growth via acquisitions with the dual goal of expanding its market share and introducing new products into its catalogue, ii) organic growth, introducing new products through scouting and product marketing and iii) extending relationship development with Digital and GDS.

### *Recent developments*

- **Fervi concluded share buyback program.** The Board of Directors of Fervi Group approved the implementation of a share buyback program, following the authorization granted by the shareholders' meeting in April 2024. The Board appointed MIT SIM S.p.A., the Group's market specialist, as the intermediary responsible for executing the repurchases on the market. Started on December 2, 2024, the program was extended to March 31, 2025, after initially set to expire on January 31, 2025. Upon completion, the Company had repurchased 6,400 shares, for a total consideration of €99k, corresponding to 0.25% of the share capital.

## FY24 Financial Results

On March 26, 2025, Fervi reported its FY24 consolidated financial results. The Group posted sales revenues of €54.1mn, down 4.1% YoY from €56.4mn in FY23 and below our estimate of €55.6mn (-2.6%). The decline was primarily driven by a slowdown in industrial activity, particularly in 4Q24, which led to weaker order intake from industrial clients, notably impacting subsidiary Rivit S.r.l. Total revenues came in at €54.5mn (-5.2% YoY from €57.5mn in FY23) reflecting a drop in other revenues to €0.4mn (from €1.1mn in FY23), mainly due to changes in inventories of finished products (€0.2mn in FY24 vs €0.8mn in FY23).

Despite topline fluctuations, Gross Profit remained broadly stable at €27.5mn in FY24 (€27.6mn in FY23), and in line with our estimates of €27.5mn, with the Gross Margin improving to 50.8% up from 48.9% in FY23. This resilience was achieved thanks to a significant reduction in Products and Raw materials, which fell to €27.0mn from €29.9mn the previous year, as well as to their incidence on sales, which came 3.1pp lower compared to the previous year (49.9pp in FY24 vs 53.0pp in FY23). The item also includes a €2.5mn increase in raw material inventories, resulting from both a year-end revenue slowdown and extended supplier lead times, reflecting the Company's decision to increase stock levels as a precaution against potential supply chain disruptions along the Suez Canal.

EBITDA came in at €7.4mn in FY24, -10.3% lower compared to €8.2mn in FY23 and below our €7.9mn estimate (-7.0%). The EBITDA margin declined to 13.6% from 14.5% the previous year, mainly due to the higher incidence of operating expenses, mainly cost of services and personnel expenses, and the reduced absorption of fixed costs resulting from lower sales. Cost of services increased to €10.0mn in FY24 from €9.7mn the previous year (growing its incidence on sales revenues from 17.1% in FY23 to 18.5% in FY24), driven primarily by rising transportation costs, particularly during the first half of the year. Personnel Expenses increased to €8.7mn from €8.4mn in FY23 (from 14.9% to 16.1% of sales revenues), reflecting the full-year impact of hires made during late FY23.

FY24 Net income came in at €2.7mn in FY24, declining by 30.6% from €3.9mn in FY23 and 23.3% below our €3.5mn estimate. D&A were broadly unchanged at €2.9mn (€2.8mn in FY23), while net financial expenses remained stable at €0.2mn in FY24. The decline in bottom-line profitability was primarily driven by a significantly higher tax burden, with the effective tax rate rising to 35.7% of EBT (from 25.0% in FY23), reflecting the expiry of the Patent Box benefit for both Fervi and Riflex, as well as the recognition of an €80k litigation risk provision. As a result, Net Margin declined to 5.0% in FY24, down from 7.0% in FY23.

After adjusting for Rivit's technical know-how amortization and other non-recurring items, adjusted net income would stand at approximately €3.6mn, on a margin of 6.7% on sales revenues, compared to €5.0mn in FY23 (8.9% net margin).

### Fervi Group adjusted Net Income (FY23A-FY24A)

Adjusted Net Income	FY23A	FY24A	FY24A
Net income	3.9	2.7	-30.6%
Net margin (%)	7.0%	5.0%	-1.9%
Non-recurring costs	0.3	0.1	
Know-how amortization	1.2	1.2	
Income tax adjustment	(0.4)	(0.4)	
Adjusted Net Income	5.0	3.6	-27.5%
Adjusted Net margin (%)	8.9%	6.7%	-2.2%

Source: KT&Partners' Elaboration on Company data.

On the balance sheet, Net Financial Position slightly worsened, rising to €8.1mn in FY24 from €7.6mn in FY23. While the gross financial debt declined slightly, the increase in net debt was

primarily driven by cash outflows to fund the Group investments, including the construction of the new warehouse for subsidiary Vogel Germany and the development of the new offices and showroom for the parent company, totalling approximately €2.8mn, as well as a €1.2mn dividend outflow paid in May 2024.

For this year, the Group has proposed a total dividend distribution of €0.89mn, corresponding to €0.35 per share, down from €0.47 in the previous year (-25.3%). This marks a more cautious approach to shareholder returns, reflecting the decline in net income and the Group's ongoing investment commitments.

#### FY21A–24A Income Statement vs FY24 Estimates

€ million	FY21A	FY22A	FY23A	FY24A	YoY %	FY24E	A vs E %
<b>Sales Revenues</b>	<b>37.9</b>	<b>57.3</b>	<b>56.4</b>	<b>54.1</b>	<b>-4.1%</b>	<b>55.6</b>	<b>-2.6%</b>
<i>Growth %</i>	<i>44.9%</i>	<i>50.9%</i>	<i>-1.5%</i>	<i>-4.1%</i>		<i>-1.5%</i>	
Other Revenues	1.0	0.9	1.1	0.4		1.2	
<b>Total Revenues</b>	<b>39.0</b>	<b>58.2</b>	<b>57.5</b>	<b>54.5</b>	<b>-5.2%</b>	<b>56.7</b>	<b>-4.0%</b>
Products and Raw materials	(18.4)	(30.2)	(29.9)	(27.0)		(29.3)	
<b>Gross Profit</b>	<b>20.5</b>	<b>28.0</b>	<b>27.6</b>	<b>27.5</b>	<b>-0.4%</b>	<b>27.5</b>	<b>0.1%</b>
<i>Gross Margin</i>	<i>54.0%</i>	<i>48.9%</i>	<i>48.9%</i>	<i>50.8%</i>	<i>1.9%</i>	<i>49.4%</i>	
Cost of Services	(8.6)	(10.9)	(9.7)	(10.0)		(9.9)	
Rental Costs	(0.7)	(1.0)	(1.1)	(1.2)		(1.1)	
Personnel Expenses	(5.4)	(8.0)	(8.4)	(8.7)		(8.3)	
Other Operating Expenses	(0.1)	(0.2)	(0.2)	(0.2)		(0.2)	
<b>EBITDA</b>	<b>5.8</b>	<b>7.9</b>	<b>8.2</b>	<b>7.4</b>	<b>-10.3%</b>	<b>7.9</b>	<b>-7.0%</b>
<i>EBITDA margin</i>	<i>15.2%</i>	<i>13.9%</i>	<i>14.5%</i>	<i>13.6%</i>	<i>-0.9%</i>	<i>14.2%</i>	
D&A and Provisions	(1.4)	(2.8)	(2.8)	(2.9)		(2.8)	
<b>EBIT</b>	<b>4.4</b>	<b>5.1</b>	<b>5.4</b>	<b>4.4</b>	<b>-18.6%</b>	<b>5.1</b>	<b>-13.4%</b>
<i>EBIT margin</i>	<i>11.6%</i>	<i>9.0%</i>	<i>9.6%</i>	<i>8.2%</i>	<i>-1.5%</i>	<i>9.2%</i>	
<i>Growth %</i>	<i>44.1%</i>	<i>17.1%</i>	<i>5.8%</i>	<i>-18.6%</i>		<i>-6.0%</i>	
Financial Income and Expenses	(0.2)	(0.1)	(0.2)	(0.2)		(0.2)	
Extraordinary items	(0.0)	(0.0)	(0.0)	(0.0)		(0.0)	
<b>EBT</b>	<b>4.2</b>	<b>5.1</b>	<b>5.2</b>	<b>4.2</b>	<b>-19.1%</b>	<b>4.9</b>	<b>-14.1%</b>
Taxes	(1.0)	(1.4)	(1.3)	(1.5)		(1.4)	
<i>Tax Rate</i>	<i>24.4%</i>	<i>28.5%</i>	<i>25.0%</i>	<i>35.7%</i>		<i>28.0%</i>	
<b>Net Income</b>	<b>3.2</b>	<b>3.6</b>	<b>3.9</b>	<b>2.7</b>	<b>-30.6%</b>	<b>3.5</b>	<b>-23.3%</b>
<i>Net margin</i>	<i>8.4%</i>	<i>6.3%</i>	<i>7.0%</i>	<i>5.0%</i>	<i>-1.9%</i>	<i>6.4%</i>	

Source: KT&Partners' Elaboration on Company Data

## Change in Estimates

Following the disclosure of Fervi Group's FY24 financial results, which came below our forecasts, we revised our prior estimates for the FY25E-27E period and introduced estimates for the FY28E period. We factor some key Italian macroeconomic indicators in assessing its growth prospects, given that Italy accounts for approximately 70% of the Group's revenues: the Company role as a supplier of capital goods supplier to a broad base of professionals and manufacturing enterprises makes its performance tied to the domestic economic cycle.

Italy's GDP growth has stagnated in the past two years, failing to carry the strong post-pandemic rebound forward, with annual growth rates below 1% (0.7% YoY in both 2023 and 2024). The economy grappled with high energy input costs (caused by the escalation of the Russia-Ukraine conflict in 2022), as well as elevated inflation and persistent supply chain disruptions. High inflation has translated into increased financing costs for businesses, as central banks tightened their monetary policy by raising policy rates.

The industrial sector, to which Fervi Group is particularly exposed, has been particularly affected. Italy's industrial production has recorded negative growth rates for 25 straight months up until February 2025. In 2024, all industrial segments, except for extractive industries and energy, experienced contraction; with severe declines for automotive manufacturing (-23.6%), textile industry (-18.3%) and metal product manufacturing (-14.6%)<sup>2</sup>.

### Italian key macroeconomic indicators (2022-2024)

	2022	2023	2024
GDP	4.8%	0.7%	0.7%
Gross fixed investments	7.4%	9.4%	0.5%
Industrial production	0.3%	-2.0%	-4.0%

Source: KT&Partners' Elaboration on ISTAT and Bank of Italy's data.

On top of the domestic challenges, further pressure arises from global trade tensions brought by the protectionist policies of the United States administration that took office in January 2025. These measures, which target all of U.S. global trade partners, increase uncertainty for export-driven economies like Italy. Their scope and ambiguity, often subject to abrupt changes, have blurred the outlook. As of early April 2025, tariffs on EU goods were temporarily suspended for 90 days after being introduced a few days earlier, with the U.S. administration indicating a willingness to negotiate a trade deal during this window.

In light of this uncertain and adverse environment, growth expectations have been revised downward. In April 2025, the Bank of Italy forecasted GDP growth of 0.6% in 2025, 0.8% in 2026, and 0.7% in 2027, 0.2pp lower for each year than its prior estimates made in December 2024<sup>3</sup>. Meanwhile, gross fixed investments, which were nearly flat in 2024 (+0.5% YoY), remain under pressure due to both geopolitical uncertainty and the phasing out of residential construction incentives, which continues to weigh on the building sector. As a result, investment growth forecasts have been more than halved compared to earlier projections.

### Projections for Italian key macroeconomic indicators (2025-2027)

	2024	April 2025				December 2024		
		2025	2026	2027		2025	2026	2027
GDP	0.7%	0.6%	0.8%	0.7%		0.8%	1.1%	0.9%
Gross fixed investments	0.5%	0.6%	0.4%	0.6%		-0.5%	1.2%	0.6%

Source: KT&Partners' Elaboration on Bank of Italy's data.

<sup>2</sup> Industrial production – February 2025, ISTAT, 10th April 2025

<sup>3</sup> Macroeconomic projections for the Italian Economy, Bank of Italy, 4th April 2025

In light of these findings, we updated our Fervi Group's estimates, particularly with regard to its sales revenue outlook, reflecting a muddier near-term economic environment and slower growth expectations in the medium term. We now anticipate FY25E Sales revenues to decline at €52.8mn, a -2.5% decrease on FY24A revenues, down from our previous estimate of €57.2mn. We then project Sales revenues to grow at a CAGR24A–28E of +1.7%, to reach €57.9mn in FY28E.

At the EBITDA level, we now anticipate a FY25E EBITDA of €7.8mn, down from our previous forecast of €8.5mn, and forecast it to rise at a CAGR24A–28E of +1.7% to reach €9.7mn in FY28E. On the marginality side, we expect the FY25E EBITDA margin to be 14.7%, broadly in line with our previous estimate of 14.8%, then improving in the following years reaching a 16.8% EBITDA margin at the end of FY28E.

At the bottom line level, we now anticipate FY25E net income at €3.2mn with a 6.0% net margin, revising our previous estimate of €3.9mn with a net margin of 6.8%; for the next years, we then project the net income to grow at a CAGR24A–28E equal to 17.8%, reaching €5.2mn by the end of 2028E. Net income will particularly benefit from the end of Rivit's technical know-how amortization, which has weighted on the Group's net income by €1.2mn annually since the recognition of the know-how in the non-material assets in the balance sheet, following Rivit's acquisition in 2021.

Finally, we now expect a net debt of €4.7mn in FY24E instead of €3.7mn previously forecasted. In the following years, we expect the NFP to progressively improve until reaching a cash position of -€8.2mn in FY28E, taking an average dividend pay-out ratio of 27% into account for the 2025E-2028E period.

#### Change in Estimates

€ Millions	2023A Actual	2024 Est.	2024 Actual	Change	2025E Old	2025E New	Change	2026E Old	2026E New	Change	2027E Old	2027E New	Change	2028E New	CAGR 2024A-28E
<b>Sales Revenues</b>	<b>56.4</b>	<b>55.6</b>	<b>54.1</b>	<b>-2.6%</b>	<b>57.2</b>	<b>52.8</b>	<b>-7.8%</b>	<b>59.5</b>	<b>54.1</b>	<b>-9.2%</b>	<b>61.9</b>	<b>56.0</b>	<b>-9.6%</b>	<b>57.9</b>	<b>1.7%</b>
YoY Change (%)	-1.5%	-1.5%	-4.1%		3.0%	-2.5%		4.0%	2.5%		4.0%	3.5%		3.5%	
<b>EBITDA</b>	<b>8.2</b>	<b>7.9</b>	<b>7.4</b>	<b>-7.0%</b>	<b>8.5</b>	<b>7.8</b>	<b>-8.6%</b>	<b>8.9</b>	<b>8.3</b>	<b>-6.8%</b>	<b>9.6</b>	<b>9.0</b>	<b>-6.2%</b>	<b>9.7</b>	<b>7.3%</b>
YoY Change (%)	3.1%	-3.5%	-10.3%		7.3%	5.5%		5.4%	7.4%		7.5%	8.2%		8.0%	
EBITDA Margin	14.5%	14.2%	13.6%		14.8%	14.7%		15.0%	15.4%		15.5%	16.1%		16.8%	
<b>EBIT</b>	<b>5.4</b>	<b>5.1</b>	<b>4.4</b>	<b>-13.4%</b>	<b>5.6</b>	<b>4.8</b>	<b>-13.3%</b>	<b>7.1</b>	<b>6.5</b>	<b>-8.6%</b>	<b>7.6</b>	<b>7.2</b>	<b>-5.5%</b>	<b>7.9</b>	<b>15.5%</b>
YoY Change (%)	5.8%	-6.0%	-18.6%		9.4%	9.6%		27.6%	34.5%		6.3%	9.9%		9.8%	
EBIT Margin	9.6%	9.2%	8.2%		9.8%	9.2%		12.0%	12.1%		12.2%	12.8%		13.6%	
<b>Net Income</b>	<b>3.9</b>	<b>3.5</b>	<b>2.7</b>	<b>-23.3%</b>	<b>3.9</b>	<b>3.2</b>	<b>-18.7%</b>	<b>5.0</b>	<b>4.3</b>	<b>-14.3%</b>	<b>5.4</b>	<b>4.7</b>	<b>-11.5%</b>	<b>5.2</b>	<b>17.8%</b>
YoY Change (%)	8.6%	-9.6%	-30.6%		10.2%	16.7%		28.7%	35.7%		6.6%	10.1%		10.2%	
Net Margin	7.0%	6.4%	5.0%		6.8%	6.0%		8.4%	8.0%		8.7%	8.5%		9.0%	
<b>NFP</b>	<b>7.6</b>	<b>7.6</b>	<b>8.1</b>	<b>0.5</b>	<b>3.7</b>	<b>4.7</b>	<b>1.0</b>	<b>0.1</b>	<b>0.7</b>	<b>0.7</b>	<b>(7.9)</b>	<b>(3.6)</b>	<b>(4.4)</b>	<b>(8.2)</b>	<b>(4.6)</b>
YoY Change (%)	-32.1%	-0.1%	6.1%		-51.1%	-42.0%		-97.6%	-84.1%		n.m.	n.m.		n.m.	

Source: KT&Partners' Elaboration on Company Data



## Valuation

Following the projections of Fervi Group's future financials, we carried out the valuation of the company by applying the DCF and market multiples methods.

1. EV/EBITDA and P/E multiple, which returns an equity value of €49.1mn or a fair value of €19.4ps;
2. DCF analysis, based on WACC of 10.3% and 1.0% perpetual growth, which returns an equity value of €53.7mn or a fair value of €21.2ps.

The average of the two methods yields an equity value of €51.4mn or a fair value of €20.3ps.

### Valuation Recap

	Equity Value €mn	Value per share €
EV/EBITDA	53.8	21.2
P/E	44.4	17.5
<b>Average - multiples</b>	<b>49.1</b>	<b>19.4</b>
<b>DCF</b>	<b>53.7</b>	<b>21.2</b>
<b>Average</b>	<b>51.4</b>	<b>20.3</b>

Source: FactSet, KT&Partners' elaboration

## Market Multiples Valuation

Following the comparables analysis, we proceeded with the definition of market multiples for each peer group, focusing on 2023A–26E data.

### Peer Comparison – Market Multiples 2023A–26E

Company Name	Exchange	Market Cap	EV/SALES				EV/EBITDA				P/E			
			2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
Cembre S.p.A.	Milan	794	3.5x	3.4x	3.2x	3.0x	11.7x	12.1x	11.1x	10.4x	19.2x	18.4x	18.9x	17.6x
W.W. Grainger, Inc.	NYSE	42,513	2.9x	2.8x	2.8x	2.6x	17.3x	16.9x	17.0x	15.7x	26.1x	24.5x	24.6x	22.2x
Einhell Germany AG Pref	XETRA	707	0.8x	0.7x	0.6x	0.6x	7.6x	6.1x	5.8x	5.4x	14.0x	10.2x	9.8x	8.9x
Distribution Solutions Group, Inc.	NASDAQ	1,111	1.3x	1.1x	1.0x	1.0x	11.8x	11.7x	10.2x	9.2x	n.m	n.m	23.7x	18.6x
Fastenal Company	NASDAQ	41,333	6.1x	6.0x	5.8x	5.3x	26.5x	26.7x	25.9x	23.7x	38.7x	38.9x	37.5x	34.2x
Stanley Black & Decker, Inc.	NYSE	8,030	1.0x	1.0x	1.0x	1.0x	13.2x	7.9x	9.0x	7.8x	n.m	29.7x	11.6x	9.3x
Global Industrial Company	NYSE	756	0.7x	0.7x	0.7x	0.6x	8.5x	9.7x	10.9x	9.7x	11.6x	13.5x	14.7x	11.8x
MSC Industrial Direct Co., Inc. Class A	NYSE	3,790	1.1x	1.2x	1.3x	1.3x	7.9x	9.6x	12.4x	11.5x	11.8x	16.0x	21.9x	19.7x
DXP Enterprises, Inc.	NASDAQ	1,113	1.1x	1.0x	0.9x	0.9x	10.3x	10.1x	8.5x	7.9x	19.7x	18.2x	15.2x	13.3x
Bossard Holding AG	SIX Swiss	1,508	1.6x	1.7x	1.5x	1.4x	11.9x	13.0x	11.0x	10.0x	19.0x	19.1x	16.0x	14.3x
Average peer group		10,165	2.0x	1.9x	1.9x	1.8x	12.7x	12.4x	12.2x	11.1x	20.0x	21.0x	19.4x	17.0x
Median peer group		1,311	1.2x	1.2x	1.2x	1.1x	11.8x	10.9x	10.9x	9.9x	19.1x	18.4x	17.4x	16.0x
Fervi SpA	Milan	38	0.8x	0.9x	0.9x	0.9x	5.6x	6.3x	5.9x	5.5x	9.7x	14.0x	12.0x	8.8x

Source: FactSet, KT&Partners' Elaboration

Following our comps analysis, we evaluate the company by using the 2024–25E EV/EBITDA and P/E market multiples of the peer sample. Our valuation also includes a 25% liquidity/size discount and takes into account our estimates of Fervi Group's EBITDA and Net Income for 2024 and 2025. We took FY24A NFP of €8.1mn into consideration.

### EV/EBITDA Multiple Valuation

Multiple Valuation (€mn)	2024E	2025E
EV/EBITDA Comps	10.9x	10.9x
Fervi SpA EBITDA	7.4	7.8
<b>Enterprise value</b>	<b>80.0</b>	<b>84.9</b>
<b>Average Enterprise Value</b>	<b>82.4</b>	
Liquidity/Size Discount	25%	
<b>Enterprise Value Post-Discount</b>	<b>61.8</b>	
Fervi SpA FY23 Net Debt	8.1	
<b>Equity Value Post-Discount</b>	<b>53.8</b>	
Number of shares (mn)	2.5	
<b>Value per Share €</b>	<b>21.2</b>	

Source: FactSet, KT&Partners' Elaboration

### P/E Multiple Valuation

Multiple Valuation (€mn)	2024E	2025E
P/E Comps	21.0x	19.4x
Fervi SpA Net Income	2.7	3.2
<b>Equity Value</b>	<b>57.0</b>	<b>61.5</b>
<b>Average Equity Value</b>	<b>59.3</b>	
Liquidity/Size Discount	25%	
<b>Equity Value Post-Discount</b>	<b>44.4</b>	
Number of shares (mn)	2.5	
<b>Value per Share €</b>	<b>17.5</b>	

## DCF Valuation

We have also conducted our valuation using a four-year DCF model, assuming a 12.2% cost of equity, 3.8% cost of debt and a D/E ratio of 27% (Total FY24 debt / market capitalization). The cost of equity is a function of the risk-free rate of 3.69% (Italian 10y BTP yield, last 3 months average), 5.37% equity risk premium (Damodaran: Italian Equity Risk Premium based on CDS spreads), and a premium for size and liquidity of 3.4% (source: Duff&Phelps). We, therefore, obtained a WACC of 10.3%.

We discounted 2024E–27E annual cash flow and considered a terminal growth rate of 1.0%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

### DCF Valuation

€ Millions	2025E	2026E	2027E	2028E
<b>EBIT</b>	<b>4.8</b>	<b>6.5</b>	<b>7.2</b>	<b>7.9</b>
Taxes	(1.5)	(2.0)	(2.2)	(2.4)
D&A	2.9	1.8	1.8	1.9
Change in Net Working Capital	(0.8)	(0.9)	(0.9)	(1.1)
Change in Funds	0.3	0.3	0.3	0.3
<b>Net Operating Cash Flow</b>	<b>5.7</b>	<b>5.7</b>	<b>6.2</b>	<b>6.5</b>
Capex	(1.2)	(0.6)	(0.6)	(0.6)
<b>FCFO</b>	<b>4.5</b>	<b>5.1</b>	<b>5.6</b>	<b>5.9</b>
<b>g</b>	<b>1.0%</b>			
<b>Wacc</b>	<b>10.3%</b>			
FCFO (discounted)	4.2	4.3	4.3	4.1
Discounted Cumulated FCFO	17.0			
TV	64.3			
TV (discounted)	44.8			
<b>Enterprise Value</b>	<b>61.8</b>			
NFP FY2024A	8.1			
<b>Equity Value</b>	<b>53.7</b>			
Current number of shares (mn)	2.5			
<b>Value per share (€)</b>	<b>21.2</b>			

Source: Company Data, KT&Partners' Elaboration

### Sensitivity analysis

€ Millions	WACC					
Terminal growth Rate		10.8%	10.5%	10.3%	10.0%	9.8%
	0.0%	46.3	47.6	48.9	50.4	51.9
	0.5%	48.3	49.7	51.2	52.8	54.4
	1.0%	50.5	52.1	53.7	55.4	57.2
	1.5%	53.0	54.7	56.5	58.4	60.4
	2.0%	55.8	57.6	59.6	61.7	64.0

Source: Company Data, KT&Partners' Elaboration

## Appendix

### Peer Comparison

In order to define Fervi Group's peer sample, we carried out an in-depth analysis of internationally listed companies active in the wholesale industrial distribution and MRO market. In selecting potential peers, we considered Fervi Group's offering and revenue mix, business model, growth, and profitability profile.

For peer analysis, we built a sample of ten companies, which includes:

- **Cembre:** listed on Borsa Italiana Stock Exchange with a capitalization of €794mn, Cembre engages in designing, manufacturing, and distribution of electrical connectors and related tools. Its products include electrical connectors for switchgear and control panels, installation tools for crimping electrical connectors, identification and labelling systems, cable glands and accessories. In FY24A, the Company reached €230mn of sales revenues.
- **W. W. Grainger:** listed on NYSE Stock Exchange, with a market capitalization of €42.5bn, Grainger is the largest maintenance, repairs, and operations (MRO) distributor in North America. Grainger offers more than 2mn MRO products in its High-Touch Solutions range. In FY24A, the Company reached €15.9bn in sales revenues.
- **Einhell Germany:** listed on Xetra Stock Exchange (Germany) with a capitalization of €707mn, Einhell engages in the manufacture and sale of electronic tools, electrical tools accessories, metal, and plastic products for garden and leisure activities. In FY23A, the Company achieved €972mn of sales revenues.
- **Fastenal Company:** listed on NASDAQ Stock Exchange with a capitalization of €41.3bn, Fastenal engages in the provision of fasteners, tools, and supplies which can help manufacture products, build structures, protect personnel, and maintain facilities and equipment. Its products include cutting tools and metalworking, fasteners, material handling, storage and packaging power, transmission and motors, tools and equipment, electricals, abrasives, hydraulics and pneumatics, plumbing, lifting, and rigging, raw materials, fleet and automotive, welding, office products and furniture, and janitorial supplies. In FY24A, the Company reached €7.0bn of sales revenues.
- **Stanley Black & Decker:** listed on NYSE Stock Exchange with a capitalization of €8.0bn, Stanley Black & Decker engages in the provision of power tools, hand tools, storage, digital tool solutions, lifestyle products, outdoor products, engineered fasteners and other industrial equipment to support the world's makers, creators, tradespeople, and builders. It operates through the Tools and Storage segment, and Industrial segment. In FY24A, the Company reached €14.2bn of sales revenues.
- **Global Industrial Company:** listed on NYSE Stock Exchange with a capitalization of €756mn, Global Industrial Co. is an industrial distributor active as seller of maintenance, repair, and operational products. In FY24A, the Company reached €1.2mn of sales revenues.
- **MSC Industrial Direct Co.:** listed on NYSE Stock Exchange with a capitalization of €3.8bn, MSC Industrial Direct Co. engages in the distribution of metalworking, maintenance, repair, and operations products and services to manufacturing companies. Its products include cutting tools, measuring instruments, tooling components, metalworking, fasteners, flat stock, raw materials, abrasives, machinery hand and power tools, safety and janitorial supplies, plumbing supplies, materials handling products, power transmission components, and electrical supplies. In FY24A, the Company reached €3.5bn of sales revenues.

- **DXP Enterprises:** listed on NASDAQ Stock Exchange with a capitalization of €1.1bn, DXP Enterprises engages in the provision of distribution solutions. It operates in the Service Centers, Supply Chain Services, and Innovative Pumping Solutions segments. The Service Centers segment focuses on maintenance, repair, and operations (MRO) products in the rotating equipment, bearing, power transmission, hose, fluid power, metal working, industrial supply, safety products, and safety services categories. In FY24A, the Company reached €1.7bn of sales revenues.
- **Bossard Holding AG:** listed on SIX Swiss Stock Exchange with a capitalization of €1.5bn, Bossard Holding engages in the supply of product solutions and services in industrial fastener and assembly technology. Its products include gearbox, base plate, eccentric axis, index bolt, shoulder screw, pan-head screw, gripper, and pin board holder. In FY24A, the Company reached €1.0bn of sales revenues.
- **Distribution Solutions Group, Inc.:** listed on NASDAQ Stock Exchange with a capitalization of €1.1bn, Distribution Solutions Group engages in the distribution of maintenance and repair products to industrial, commercial, institutional and government markets. In FY24A, the Company reached €1.7bn of sales revenues.

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IN THIS STUDY DCF AND MULTIPLE VALUATION MODELS HAVE BEEN USED. RECOMMENDATIONS FOLLOW THE FOLLOWING RULES:

- ADD - FOR A FAIR VALUE > 15% ON CURRENT PRICE
- HOLD - FOR A FAIR VALUE <15% o >-15% ON CURRENT PRICE
- REDUCE - FOR A FAIR VALUE < -15% ON CURRENT PRICE



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