

1H25: persistent sales challenges, improved gross margin

ADD | Fair Value: €18.2 (€20.3) | Current Price: €15.1 | Upside: +20.8%

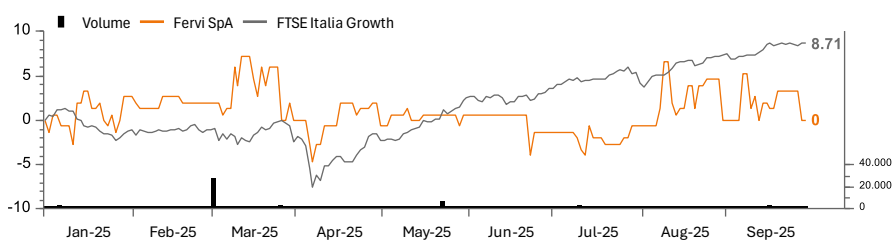
€ Million	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E	FY28E
Sales Revenues	37.9	57.3	56.4	54.1	49.5	51.5	53.5	55.6
EBITDA	5.8	7.9	8.2	7.4	6.8	7.5	8.2	8.9
margin	15.2%	13.9%	14.5%	13.6%	13.7%	14.6%	15.4%	16.0%
Net Profit	3.2	3.6	3.9	2.7	2.6	3.8	4.2	4.7
margin	8.4%	6.3%	7.0%	5.0%	5.2%	7.3%	7.9%	8.4%
Free Cash Flow	(12.7)	0.1	4.6	0.8	4.4	4.4	4.8	5.3
NFP/ (Net Cash)	10.4	11.2	7.6	8.1	4.5	1.3	(2.4)	(6.5)

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

1H25 Financial Results. On September 26, 2025, Fervi Group reported its 1H25 consolidated financial results, posting sales revenues of €25.1mn (-13.7% YoY), below our estimate of €27.0mn (-7.1%), impacted by the persistent slowdown in industrial activity in Italy and the EU, which intensified from 4Q24 and particularly affected subsidiary Rivit S.r.l. Total revenues stood at €25.0mn (-17.8% YoY), reflecting a negative variation in finished products inventory. Despite lower revenues, gross margin improved to 51.8% from 50.3% in 1H24, reflecting management's initiatives to enhance profitability and cash flow generation. EBITDA contracted to €3.3mn (-22.5% YoY), below our estimate of €4.3mn (-22.7%), with the margin declining to 13.1% from 14.6% in 1H24 due to lower turnover and operating leverage; the reduction was partially offset by savings on personnel and service costs. Excluding €233k in non-recurring employee termination costs, adjusted EBITDA would have been €3.5mn (14.0% margin). Net income came in at €1.2mn (-37.1% YoY), below our estimate of €1.7mn, impacted by a higher effective tax rate of 36.5% but benefiting from foreign exchange gains of €0.2mn. Adjusted net income stood at €1.8mn (7.3% margin) compared to €2.4mn in 1H24 (8.2% margin). The Net Financial Position improved to €6.0mn from €8.1mn in FY24, benefitting from €1.7mn in working capital release, which contributed to generate €4.4mn in operating cash flow, which covered €1.0mn in CapEx and €0.9mn in dividend distribution.

Change in Estimates. We revised our Fervi Group's financial estimates for the FY25E–28E period, following the release of its 1H25 results, which fell short of our expectations, accounting for weaker-than-expected macroeconomic environment and near-term challenges to return to growth. We now anticipate FY25E sales revenues to decline to €49.5mn (-8.5% YoY from €54.1mn in FY24A), below our previous estimate of €52.8mn. We now foresee revenues reaching €55.6mn in FY28E instead of €57.9mn. At the EBITDA level, we now estimate FY25E EBITDA at €6.8mn (vs. €7.8mn previously estimated), with a margin of 13.7%, and then reaching €8.9mn in FY28, with margins recovering to reach 16.0%. For the bottom-line, we now project FY25E net income at €2.6mn (5.2% margin), below our prior estimate of €3.2mn; starting from FY26E, net income will benefit from the end of amortization of the know-how inherited from Rivit's acquisition. Finally, we forecast FY25E net debt to be €4.5mn (vs. €4.7mn in our previous estimate), helped by a lower NWC cash intake. For the following years, we expect dividend distributions of almost €3.0mn.

Valuation. Our valuation, based on both DCF and market multiple methods (EV/EBITDA and P/E multiples), returns an equity value of €46.2mn or €18.2ps, implying a +20.8% potential upside on the current market price.

Performance Chart YTD (Source: Factset)**Research Update**

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Market Data			
Main Shareholders			
1979 Investimenti Srl			78.63%
Roberto Megna			7.81%
Guido Greco			2.04%
Mkt Cap (€ mn)			38.2
EV (€ mn)			48.6
Shares out. (mn)			2.5
Free Float			11.3%
Market multiples	2024A	2025E	2026E
EV/EBITDA			
Fervi SpA (KT&P Valuation)	7.5x	8.1x	7.3x
Fervi SpA (Market Valuation)	6.4x	7.0x	6.3x
Comps Average	11.9x	11.6x	10.8x
Fervi SpA (Market Valuation) vs A	-46%	-40%	-42%
P/E			
Fervi SpA (KT&P Valuation)	17.0x	17.9x	12.2x
Fervi SpA (Market Valuation)	14.1x	14.8x	10.2x
Comps Average	22.2x	18.7x	16.7x
Fervi SpA (Market Valuation) vs A	-36%	-21%	-39%
Stock Data			
52 Wk High (€)			16.40
52 Wk Low (€)			13.80
Avg. Daily Trading 90d (€ k)			4.7
Price Change 1w (%)			-3.21
Price Change 1m (%)			0.00
Price Change YTD (%)			0.00

Key Figures – Fervi Group SpA

Current price (€)	Fair Value (€)		Sector				Free Float (%)	
15.1	18.2		Industrial Machinery				11.3	

Per Share Data	2021	2022	2023	2024	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	1.25	1.42	1.54	1.07	1.02	1.49	1.67	1.85
Dividend per share (ord)	35%	40%	47%	35%	37%	39%	41%	43%
Dividend pay out ratio (%)	29%	28%	28%	30%	33%	36%	26%	24%

Profit and Loss (EUR mn)

Sales Revenues	37.9	57.3	56.4	54.1	49.5	51.5	53.5	55.6
<i>growth (%)</i>	44.9%	50.9%	-1.5%	-4.1%	-8.5%	4.0%	4.0%	3.7%
EBITDA	5.8	7.9	8.2	7.4	6.8	7.5	8.2	8.9
<i>EBITDA Adj margin (%)</i>	15.2%	13.9%	14.5%	13.6%	13.7%	14.6%	15.4%	16.0%
EBIT	4.4	5.1	5.4	4.4	3.9	5.7	6.4	7.0
<i>EBIT margin (%)</i>	11.6%	9.0%	9.6%	8.2%	7.9%	11.1%	11.9%	12.7%
Net Income	3.2	3.6	3.9	2.7	2.6	3.8	4.2	4.7
<i>Net Income margin (%)</i>	8.4%	6.3%	7.0%	5.0%	5.2%	7.3%	7.9%	8.4%

Balance Sheet (EUR mn)

Total fixed assets	15.4	14.5	12.4	13.1	11.6	10.5	9.3	8.1
Net Working Capital (NWC)	25.0	29.5	31.1	32.5	32.4	33.4	34.5	35.6
Total Net Capital Employed	36.4	39.9	39.4	41.5	39.6	39.2	38.8	38.4
Net Financial Position/(Cash)	10.4	11.2	7.6	8.1	4.5	1.3 -	2.4 -	6.5
Total Shareholder's Equity	26.0	28.7	31.8	33.4	35.1	37.9	41.2	44.8

Cash Flow (EUR mn)

Net Operating cash flow	4.7	6.5	6.8	5.8	5.5	5.8	6.3	6.7
Change in NWC	(8.2)	(4.5)	(1.6)	(1.4)	0.1	(1.0)	(1.1)	(1.1)
Capital expenditure	(9.9)	(1.8)	(1.0)	(3.6)	(1.2)	(0.6)	(0.6)	(0.6)
Free cash flow	(12.7)	0.1	4.6	0.8	4.4	4.4	4.8	5.3

Enterprise Value (EUR mn)

Market Cap	37.1	38.2	45.2	38.3	38.3	38.3	38.3	38.3
Net financial position/(Cash)	10.4	11.2	7.6	8.1	4.5	1.3	(2.4)	(6.5)
Minorities	-	-	-	-	-	-	-	-
Enterprise value	47.5	49.4	52.8	46.4	42.9	39.6	35.9	31.9

Ratios (%)

ROCE	12.1%	12.9%	13.8%	10.7%	9.8%	14.6%	16.5%	18.4%
ROE	12.2%	12.6%	12.3%	8.1%	7.4%	9.9%	10.3%	10.4%
NFP/EBITDA	1.8x	1.4x	0.9x	1.1x	0.7x	0.2x	(0.3x)	(0.7x)
Gearing - Debt/equity	40.0%	39.0%	23.9%	24.1%	12.9%	3.3%	-5.8%	-14.4%
NWC/Revenues	0.7x	0.5x	0.6x	0.6x	0.7x	0.6x	0.6x	0.6x
Free cash flow yield	-27.6%	0.3%	8.5%	1.7%	9.4%	9.2%	10.2%	11.1%

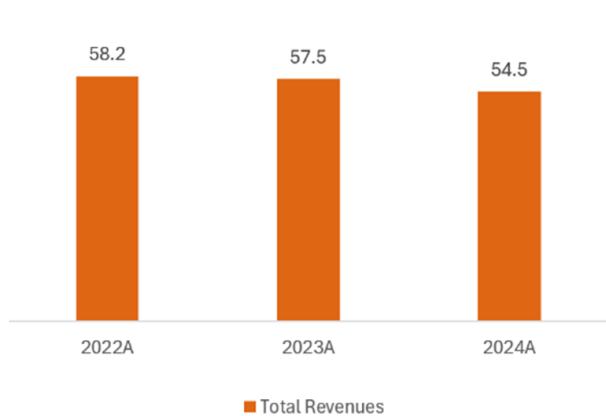
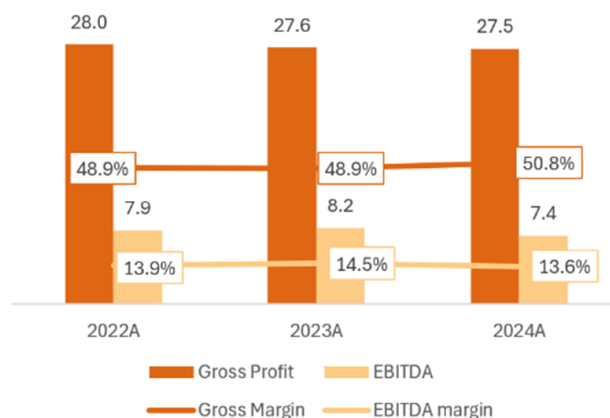
Multiples (x)

EV/Sales	1.2x	0.8x	0.8x	0.9x	1.0x	0.9x	0.9x	0.9x
EV/EBITDA	8.2x	6.0x	5.8x	6.4x	7.0x	6.3x	5.8x	5.3x
P/E	12.1x	10.6x	9.8x	14.1x	14.8x	10.2x	9.1x	8.2x

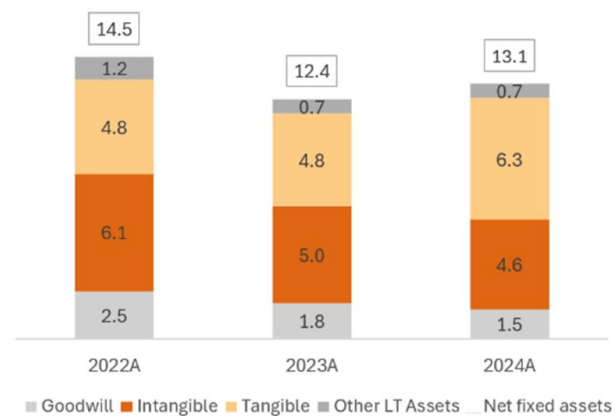
Source: Company Data (2021A-2024A), KT&Partners' forecasts (2025E-2028E)

Key charts

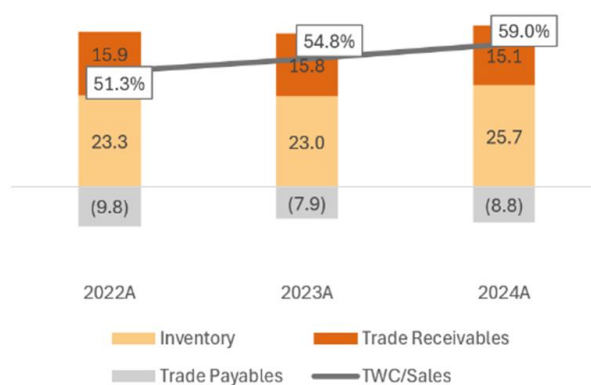
Total Revenues (€mn)

Gross Profit and EBITDA (€mn, %)¹

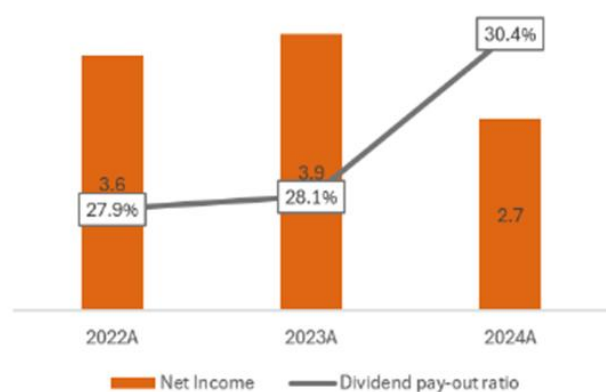
Net Fixed Assets (€mn)



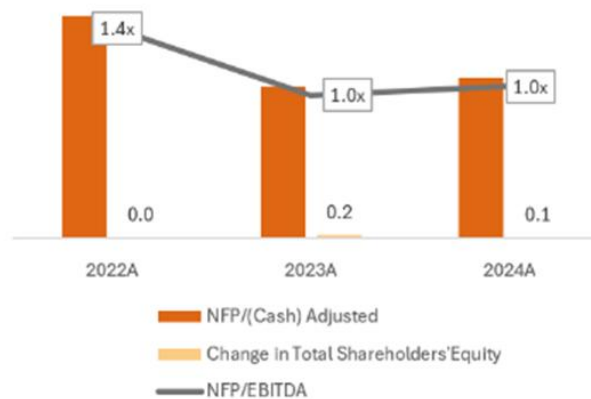
Trade Working Capital (€mn, %)



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



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

¹ 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.

1H25 Financial Results

On September 26, 2025, Fervi reported its 1H25 consolidated financial results. The Group posted sales revenues of €25.1mn, down 13.7% YoY from €29.1mn in 1H24 and below estimates of €27.0mn (-7.1%). Revenues are impacted by the persistent slowdown in industrial activity in Italy and EU, which intensified from 4Q24 and resulted in weaker order intake from industrial clients, particularly affecting subsidiary Rivit S.r.l. Total revenues stood at €25.0mn, a 17.8% contraction compared to €30.4mn in 1H24, which include the negative variation in finished products inventory.

With the decline in revenues, gross profit decreased by 11.1% YoY to €13.0mn, from €14.6mn in 1H24. However, the gross margin improved to 51.8% compared to 50.3% a year earlier: management highlighted that it has undertaken initiatives aimed at enhancing first-level profitability and prioritizing margin protection and cash flow generation.

EBITDA contracted to €3.3mn (-22.5% YoY from €4.2mn in 1H24), below our estimate of €4.3mn (-22.7%), with the EBITDA margin declining to 13.1% from 14.6% in 1H24. The reduction, driven by lower revenues and reduced operating leverage, was partially mitigated by savings on personnel expenses (€4.4mn vs €4.5mn in 1H24) and a decrease in service costs (€4.6mn vs €5.2mn), mainly linked to reduced freight costs and sales commissions. EBITDA was also impacted by non-recurring costs of approximately €233k, related primarily to the termination of certain employee contracts. Excluding these, EBITDA would have amounted to €3.5mn with an adjusted margin of 14.0%, compared to €4.3mn in 1H24 with an adjusted margin of 14.7%.

Net income came in at €1.2mn (-37.1% YoY from €1.9mn in 1H24), below estimates of €1.7mn (-30.1%). The bottom line benefitted from foreign exchange gains of around €0.2mn but was penalized by a higher tax burden, with the effective tax rate rising to 36.5% from 30.4% in 1H24. The increase reflects a €46k litigation risk provision and the absence of a €55k positive component related to Rivit India taxes that had supported last year's results. Adjusted for extraordinary items (the above-mentioned non-recurring personnel costs) and the amortization of Rivit's technical know-how, adjusted net income amounted to approximately €1.8mn, corresponding to a 7.3% margin on sales, compared to €2.4mn in 1H24 (8.2% net margin), thus showing a less pronounced decline in net profit and net margin.

Fervi Group adjusted Net Income (1H24A-1H25A)

Adjusted Net Income	1H24A	1H25A	YoY Δ
Net income	1.9	1.2	-37.1%
Net margin (%)	6.4%	4.9%	-1.5%
Non-recurring costs	0.0	0.2	
Know-how amortization	0.6	0.6	
Income tax adjustment	(0.2)	(0.2)	
Adjusted Net Income	2.4	1.8	-23.8%
Adjusted Net margin (%)	8.2%	7.3%	-1.0%

Source: KT&Partners' Elaboration on Company data.

On the balance sheet, Net Financial Position improved from €8.1mn in FY24 to €6.0mn in FY24. With the lower turnover, the Company freed up cash from the decrease of Trade receivables (from €14.5mn in FY24 to €12.8mn) and inventories (decreased to €25.4mn from €26.2mn in FY24), compensated by lower Trade payables (€6.6mn from €8.8mn in FY24). The lower working capital brought additional €1.7mn leading to a €4.4mn in operating cash flow (above the €3.5mn generated in 1H24), more than enough to pay for the €1.0mn in total CapEx (mainly related for the completion of the new warehouse for subsidiary Vogel Germany) and €0.9mn in dividend distribution (along with other minor items).

1H22A–25A Income Statement vs 1H25 Estimates

€ Millions	1H22A	1H23A	1H24A	1H25A	YoY%	1H25E	A vs E %
Sales Revenues	29.3	29.5	29.1	25.1	-13.7%	28.0	-10.2%
Other Revenues	0.4	0.6	1.3	(0.1)		0.2	
Total Revenues	29.7	30.1	30.4	25.0	-17.8%	28.1	-11.1%
Growth %	75.0%	1.5%	1.0%	-17.8%		-7.5%	
Products and Raw materials	(14.8)	(15.7)	(15.8)	(12.0)		(13.7)	
Gross Profit	14.9	14.4	14.6	13.0	-11.1%	14.4	-9.8%
Gross Margin	50.9%	48.8%	50.3%	51.8%		51.6%	
Cost of Services	(5.7)	(4.8)	(5.2)	(4.6)		(5.1)	
Rental Costs	(0.5)	(0.5)	(0.6)	(0.6)		(0.6)	
Personnel Expenses	(4.1)	(4.5)	(4.5)	(4.4)		(4.4)	
Other Operating Expenses	(0.1)	(0.1)	(0.1)	(0.1)		(0.1)	
EBITDA	4.6	4.4	4.2	3.3	-22.5%	4.3	-22.7%
EBITDA margin	15.7%	14.8%	14.6%	13.1%		15.2%	
D&A and Provisions	(1.4)	(1.3)	(1.4)	(1.4)		(1.4)	
EBIT	3.2	3.0	2.8	1.8	-35.2%	2.8	-35.1%
EBIT margin	11.0%	10.3%	9.8%	7.3%		10.1%	
Financial Income and Expenses	(0.1)	(0.1)	(0.0)	(0.1)		(0.1)	
Extraordinary items	0.0	0.0	(0.0)	0.2		-	
EBT	3.2	3.0	2.8	1.9	-31.0%	2.7	-29.5%
Taxes	(0.8)	(0.7)	(0.8)	(0.7)		(0.8)	
Tax Rate	26.5%	24.3%	30.4%	36.5%		29.8%	
Net Income	2.3	2.3	1.9	1.2	-37.1%	1.9	-36.2%
Net margin	8.0%	7.7%	6.6%	4.8%		6.8%	
Growth %	41.1%	-3.1%	-15.0%	-37.1%		-1.3%	

Source: KT&Partners' Elaboration on Company Data

Net Financial Position Bridge (1H22A-1H25A)

€ Millions	1H22A	1H23A	1H24A	1H25A
EBITDA	4.6	4.4	4.2	3.3
Income Taxes	(0.8)	(0.7)	(0.8)	(0.7)
Change in NWC	(1.9)	(0.6)	(0.1)	1.7
Change in provisions	0.2	(0.1)	0.2	0.1
Operating Cash Flow	2.0	2.9	3.5	4.4
CapEx	(1.3)	(0.7)	(1.0)	(0.9)
Change in Other LT assets	0.0	0.5	0.1	(0.1)
FCFF	0.8	2.7	2.5	3.5
Net financial income/(expenses)	(0.1)	(0.1)	(0.0)	(0.1)
Other extraordinary items	0.0	0.0	(0.0)	0.2
Change in Total Shareholders' Equity	0.2	0.1	0.0	(0.6)
Dividend Paid	(0.9)	(1.0)	(1.2)	(0.9)
Change in NFP	0.0	1.8	1.3	2.1
Beginning NFP (End previous FY)	10.4	11.2	7.6	8.1
Final 1H NFP	10.4	9.4	6.3	6.0

Source: KT&Partners' Elaboration on Company data.

Change in Estimates

Following the release of Fervi Group's 1H25 financial results, which came in below forecasts, we revised our estimates for the FY25E–28E period, particularly adjusting the sales revenue outlook to reflect the weaker-than-expected macroeconomic environment faced by the Company and the challenges of returning to growth in the near term.

We now anticipate FY25E Sales revenues to experience a steeper decline at €49.5mn, a -8.5% decrease on FY24A revenues, down from our previous estimate of €52.8mn. We expect sales to recover and exceed €55mn again in FY28E, although not reaching the previously anticipated €57.9mn for the final year of estimates.

In light of the lower turnover expectations, we now anticipate lower EBITDA across the estimates period, starting from €6.8mn in FY25E, down from our previous forecast of €7.8mn; EBITDA is then expected to reach €8.9mn in FY28E (against our previous expectations of €9.7mn). The marginality is expected to decrease as well, although the increase in marginality over the Costs of Good Sold is expected to partially mitigate the loss in operating leverage also in the following years. We now expect EBITDA margin to be 13.7% in FY25E (14.7% previously expected), in line with last year result (13.6%), then improving in the following years reaching a 16.0% EBITDA margin at the end of FY28E.

At the bottom-line level, we now anticipate FY25E net income at €2.6mn with a 5.2% net margin, adjusting our previous estimate of €3.2mn (net margin of 6.0%). For the following years, we expect net income to reach €4.7mn by the end of 2028E: we remind that, starting from FY26, the Group's net income will benefit from the end of Rivit's technical know-how amortization, which has weighted 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 €4.5mn in FY25E instead of €4.7mn previously forecasted, thanks to a lower NWC cash intake. In the following years, we expect the NFP to progressively improve until reaching a cash position of -€6.5mn in FY28E, accounting for the distribution of almost €3.0mn in dividend over the FY26E-28E period.

Change in Estimates

€ Millions	2024 Actual	2025E Old	2025E New	Change	2026E Old	2026E New	Change	2027E Old	2027E New	Change	2028E Old	2028E New	Change
Sales Revenues	54.1	52.8	49.5	-6.2%	54.1	51.5	-4.8%	56.0	53.5	-4.3%	57.9	55.6	-4.1%
YoY Change (%)	-4.1%	-2.5%	-8.5%		2.5%	4.0%		3.5%	4.0%		3.5%	3.8%	
EBITDA	7.4	7.8	6.8	-12.4%	8.3	7.5	-9.6%	9.0	8.2	-8.6%	9.7	8.9	-8.5%
YoY Change (%)	-10.3%	5.5%	-7.5%		7.4%	10.8%		8.2%	9.3%		8.0%	8.1%	
EBITDA Margin	13.6%	14.7%	13.7%		15.4%	14.6%		16.1%	15.4%		16.8%	16.0%	
EBIT	4.4	4.8	3.9	-19.7%	6.5	5.7	-12.2%	7.2	6.4	-10.8%	7.9	7.0	-10.5%
YoY Change (%)	-18.6%	9.6%	-12.0%		34.5%	47.1%		9.9%	11.6%		9.8%	10.2%	
EBIT Margin	8.2%	9.2%	7.9%		12.1%	11.1%		12.8%	11.9%		13.6%	12.7%	
Net Income	2.7	3.2	2.6	-18.6%	4.3	3.8	-12.5%	4.7	4.2	-10.8%	5.2	4.7	-10.6%
YoY Change (%)	-30.6%	16.7%	-5.0%		35.7%	46.0%		10.1%	12.2%		10.2%	10.5%	
Net Margin	5.0%	6.0%	5.2%		8.0%	7.3%		8.5%	7.9%		9.0%	8.4%	
NFP	8.1	4.7	4.5	(0.1)	0.7	1.3	0.5	(3.6)	(2.4)	(3.6)	(8.2)	(6.5)	(4.1)
YoY Change (%)	6.1%	-42.0%	-43.9%		-84.1%	-72.3%		n.m.	n.m.		n.m.	n.m.	

Source: KT&Partners' Elaboration on Company Data

Valuation

Based on Fervi's projected financials, we performed the valuation of the company using the market multiples and the Discounted Cash Flow (DCF) methodologies.

- **Market Multiples (EV/EBITDA and P/E):** using a peer group of 7 publicly listed comparables, we applied the average FY25E and FY26E EV/EBITDA and P/E multiples to Fervi's forecasted financials. We applied a 25% discount to the peer-derived multiples. Averaging the results of the three multiples yields an implied equity value of €46.8mn or €18.5ps.
- **Discounted Cash Flow (DCF):** We projected Fervi's Free Cash Flows over the FY25E–FY28E period and discounted them using a WACC of 11.0% and a terminal growth rate of 1%. This approach returns an implied equity value of €45.5mn or €18.0ps.

In both our valuation methodologies, we accounted for the FY24 Net Financial Position of €8.1mn, adjusted for the cash outflows for stock repurchases (€87k) and the dividend distributed in May 2025 (€0.9mn), for an Adjusted NFP of €9.0mn.

Valuation Recap

	Equity Value €mn	Value per share €
EV/EBITDA	51.2	20.2
P/E	42.5	16.8
Average - multiples	46.8	18.5
DCF	45.5	18.0
Average	46.2	18.2

Source: KT&P's estimates, Factset consensus data

By averaging the outputs of both methodologies, we derive a fair equity valuation of €46.2mn, corresponding to a target price of €18.2 per share, and implying an EV/EBITDA multiple of 8.1x on FY25E.

KT&Partners' Implied Multiples

	FY24A	FY25E	FY26E
EV/EBITDA implied	7.5x	8.1x	7.3x
P/E implied	17.0x	17.9x	12.2x

Source: KT&P's estimates, Factset consensus data

Market Multiples Valuation

With the sample of comparable companies selected for Fervi Group, we proceeded to define the multiples for our relative valuation, focusing on the 2025E–26E data points.

Peer Comparison – Market Multiples 2024A–26E											
Company Name	Exchange	Market Cap	EV/SALES	EV/SALES	EV/SALES	EV/EBITDA	EV/EBITDA	EV/EBITDA	P/E	P/E	P/E
			2024	2025	2026	2024	2025	2026	2024	2025	2026
Cembre S.p.A.	Milan	928	4.0x	3.8x	3.5x	14.0x	12.3x	11.6x	21.5x	20.9x	19.4x
Einhell Germany AG Pref	XETRA	900	0.9x	0.8x	0.8x	8.7x	7.5x	7.0x	14.2x	12.4x	11.5x
Stanley Black & Decker, Inc.	NYSE	9,752	1.1x	1.2x	1.1x	8.5x	10.7x	9.3x	35.9x	16.0x	12.7x
Global Industrial Company	NYSE	1,188	1.0x	1.1x	1.0x	15.1x	13.5x	13.5x	21.2x	18.5x	17.4x
MSC Industrial Direct Co., Inc. Class A	NYSE	4,312	1.3x	1.5x	1.4x	10.5x	13.9x	12.7x	18.4x	24.8x	22.2x
DXP Enterprises, Inc.	NASDAQ	1,631	1.3x	1.3x	1.2x	13.1x	11.4x	10.6x	25.8x	21.4x	18.7x
Bossard Holding AG	SIX Swiss	1,435	1.7x	1.5x	1.5x	13.3x	12.1x	11.0x	18.2x	16.9x	15.1x
Average peer group		2,878	1.6x	1.6x	1.5x	11.9x	11.6x	10.8x	22.2x	18.7x	16.7x
Median peer group		1,435	1.3x	1.3x	1.2x	13.1x	12.1x	11.0x	21.2x	18.5x	17.4x
Fervi SpA	Milan	38	0.9x	1.0x	0.9x	6.4x	7.0x	6.3x	14.1x	14.8x	10.2x

Source: FactSet, KT&Partners’ Elaboration

In our valuation, we included a size/liquidity discount of 25% to account for the relatively smaller size of Fervi compared to its comparables, and to the lower trading liquidity of its stock. We end up with Fervi’s equity value of €51.2mn or €20.2ps based on the EV/EBITDA valuation, and €42.5mn or €16.8ps using the P/E method.

EV/EBITDA Multiple Valuation			P/E Multiple Valuation		
Multiple Valuation (€mn)	2025E	2026E	Multiple Valuation (€mn)	2025E	2026E
EV/EBITDA Comps	11.6x	10.8x	P/E Comps	18.5x	17.4x
Fervi SpA EBITDA	6.8	7.5	Fervi SpA Net Income	2.6	3.8
Enterprise value	79.1	81.4	Equity Value	47.8	65.6
Average Enterprise Value	80.2		Average Equity Value	56.7	
Liquidity/Size Discount	25%		Liquidity/Size Discount	25%	
Enterprise Value Post-Discount	60.2		Equity Value Post-Discount	42.5	
Fervi SpA FY24 Net Debt	9.0		Number of shares (mn)	2.5	
Equity Value Post-Discount	51.2		Value per Share €	16.8	
Number of shares (mn)	2.5				
Value per Share €	20.2				

Source: FactSet, KT&Partners’ Elaboration

DCF Valuation

We also performed a 4-year DCF valuation, assuming a cost of equity of 12.4%, a cost of debt of 3%, and a D/E ratio of 16% (Net debt over market capitalization). The cost of equity is derived from a risk-free rate of 3.6% (Italian 10Y BTP rate), an equity risk premium of 5.4% (Damodaran, Italy ERP based on CDS spreads), and a size and liquidity premium of 3.5% (Duff & Phelps). These inputs imply a WACC of 11%.

We discounted 2025E–28E annual cash flow and considered a terminal growth rate of 1%; 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
EBIT	3.9	5.7	6.4	7.0
Taxes	(1.3)	(1.8)	(2.0)	(2.2)
D&A	2.9	1.8	1.8	1.9
Change in Net Working Capital	0.1	(1.0)	(1.1)	(1.1)
Change in Funds	0.2	0.3	0.3	0.3
Net Operating Cash Flow	5.8	5.0	5.5	6.0
Capex	(1.2)	(0.6)	(0.6)	(0.6)
FCFO	4.6	4.5	4.9	5.4
g	1.0%			
Wacc	11.0%			
FCFO (discounted)	4.5	3.9	3.9	3.8
Discounted Cumulated FCFO	16.1			
TV	54.1			
TV (discounted)	38.5			
Enterprise Value	54.6			
Adjusted NFP FY24A	9.0			
Equity Value	45.5			
Current number of shares (mn)	2.5			
Value per share (€)	18.0			

Source: Company Data, KT&Partners' Elaboration

Sensitivity analysis

€ Millions		WACC				
Terminal growth Rate		11.5%	11.3%	11.0%	10.8%	10.5%
	0.0%	39.6	40.6	41.7	42.8	44.0
	0.5%	41.2	42.4	43.5	44.8	46.0
	1.0%	43.1	44.3	45.5	46.9	48.3
	1.5%	45.0	46.4	47.8	49.2	50.8
	2.0%	47.3	48.7	50.2	51.9	53.6

Source: Company Data, KT&Partners' Elaboration

Appendix

Peers Overview

Our peer panel for the multiples' valuation of Fervi Group includes internationally listed companies active in the wholesale industrial distribution and MRO market. In selecting potential peers, we took into consideration Fervi Group's offering and revenue mix, business model, growth, and profitability profile.

The panel is composed of seven companies, which include:

- **Cembre:** listed on Borsa Italiana Stock Exchange with a capitalization of €928mn, 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.
- **Einhell Germany:** listed on Xetra Stock Exchange (Germany) with a capitalization of €900mn, 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.
- **Stanley Black & Decker:** listed on NYSE Stock Exchange with a capitalization of €9.8bn, 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 €1.2mn, 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 €4.3bn, 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 €1.6bn, 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 €1.4bn, 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.

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



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