

ILPRA

1H20: important increase in profitability, Net Profit +188% YoY

Revenue growth above market rates and sharp increase in profitability: ILPRA, specialized in the design and production of packaging machines for food, cosmetics and medical markets, released positive 1H20 results with sales (Euro 15.3 m) in line with previous year, outperforming the negative market trend and with a sharp increase in profitability (EBITDA +81% and Net Profit +188%).

More in detail, sales reached Euro 15.3 m, in line with 1H19, while the Value of Production grew up by +6.9% to reach Euro 17.5 m (Euro 16.4 m in 1H19). 68% of revenues were realized outside Italy. EBITDA came in at Euro 2.6 m, marking a significant growth of +81% (Euro 1.5 m in 1H19), as a result of more efficient production and costs control activities (costs for services were down by -18%). EBITDA margin was 17.1% vs. 9.5% in 1H19. Net Profit came in at Euro 1.3 m, up +188% vs. Euro 0.4 m of 1H19. Net Debt stood at Euro 7.2 m (Euro 6.5 m in FY19).

Positive outlook based on a robust business model and a well-defined growth strategy. Our outlook for ILPRA remains very positive also in light of the positive 1H20 results which confirmed the Group's ability to achieve growth above market rates and a structural improvement profitability, and thus affirming the sustainability of the business model and the growth strategies perused.

FY20-22 Estimates confirmed. We confirm our previous forecast for FY20-22 based on a top-line 19-22 CAGR of 11% and a progressive increase in profitability as the Group will be able to benefit from synergies from the recent acquisitions and from improved production efficiently. We stress that our forecast does not include any potential opportunities arising from further M&A activity, which however remains a key strategic pillar for the Group in the next years.

Valuation: We set a target price of Euro 3.40 per share, (Euro 3.10 p.s. previously), providing for a +79% upside on current stock price and obtained by weighting equally the DCF and the multiple comparison analysis.

Sector: Manufacturing

Target Price (Euro) 3.40 (3.10 pr)
 Market Price (Euro) 1.90
 Market Cap (Euro m) 23
 EV (Euro m) 30
(as of September 29th, 2020)

Share Data

Market	AIM ITALIA
Bloomberg/Reuters	ILP IM / ILP.MI
ISIN	IT0005359101
N. of Shares	12,038,600
Free Float	20.02%
CEO	Maurizio Bertocco

AIM Positioning

FY 2019	Company	AIM Italia
Revenues (Eu m)	32.0	44.5
Revenues Yoy	+12.8%	+16.9%
EBITDA margin	14.1%	15.4%
NFP/EBITDA (x)	1.4	2.1

Market Data	Company	AIM Italia
Mkt Cap (Eu m)	22.5	44.7
Perf. YTD	-11.4%	-7.4%
Free Float	20.0%	32.8%
ADTT YTD (Eu)	7,429	71,392

Credit Risk Profile

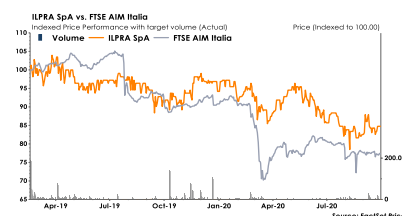
	Ilpra	Italian PMI Avg
Wiserfunding Bond Rating Equivalent	B+	B+

Performance

	1M	3M	6M
Absolute	2.7%	-1.6%	-3.1%
Relative	3.3%	2.9%	-5.4%
52-week H/L (Euro)	2.26 / 1.69		

IR TOP RESEARCH

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Key Figures (Euro m)	Revenue	Yoy %	EBITDA	EBITDA %	EBIT	EBIT %	Net Profit	Net Debt
2019A	34.4	+9%	4.5	14%	2.7	9%	2.1	6.5
2020E	37.8	+10%	5.4	15%	3.5	10%	2.9	4.1
2021E	41.5	+10%	6.6	17%	4.7	12%	3.3	1.4
2022E	45.6	+10%	7.9	18%	5.9	14%	4.2	(2.3)

KEY FIGURES

Profit&Loss Statement	2018A	2019A	2020E	2021E	2022E
Revenues (VoP)	31.5	34.4	37.8	41.5	45.6
EBITDA	5.5	4.5	5.4	6.6	7.9
EBIT	4.2	2.7	3.5	4.6	5.9
Extraordianry items	(0.0)	0.0	0.0	0.0	0.0
Financial Income (charges)	(0.4)	(0.3)	(0.2)	(0.1)	0.0
Pre-tax profit (loss)	3.8	2.4	3.3	4.6	5.9
Taxes	(0.9)	(0.3)	(0.4)	(1.3)	(1.6)
Net profit (loss) Group	2.9	2.1	2.9	3.3	4.2

Balance Sheet					
Fixed assets	9.5	11.7	10.7	9.6	8.4
NWC	13.0	14.7	16.5	18.4	20.5
M/L Funds	(2.5)	(2.6)	(2.9)	(3.1)	(3.4)
Net Capital Employed	20.0	23.8	24.4	24.9	25.5
Net Debt	9.5	6.5	4.1	1.4	(2.3)
Equity	10.5	17.3	20.2	23.5	27.7

Cash Flow					
EBIT	4.2	2.7	3.5	4.6	5.9
D&A	1.3	1.7	1.8	1.9	2.0
Tax	(0.9)	(0.3)	(0.4)	(1.3)	(1.6)
Other	0.0	0.0	0.0	0.0	0.0
Change in M/L Funds	0.3	0.1	0.2	0.3	0.3
Gross Cash Flow	4.8	4.3	5.1	5.5	6.5
Change in NWC	(2.5)	(1.7)	(1.8)	(1.9)	(2.1)
Operating Cash Flow	2.4	2.5	3.3	3.7	4.4
Capex	(2.2)	(3.9)	(0.8)	(0.8)	(0.8)
Change in Financial Assets	(0.3)	(0.0)	0.0	0.0	0.0
Extraordinary items	(0.0)	0.0	0.0	0.0	0.0
Financial Income (charges)	(0.4)	(0.3)	(0.2)	(0.1)	0.0
Free Cash Flow	-0.6	-1.6	2.3	2.8	3.6
Dividend	0.0	0.0	0.0	0.0	0.0
Change in Equity	(0.5)	4.7	0.0	0.0	0.0
Change in Net debt	(1.1)	3.0	2.3	2.8	3.6

Per Share Data					
Price				1.90	
Total shares out (mn) average				12.04	
EPS	0.2	0.2	0.2	0.3	0.4
DPS	0.0	0.0	0.0	0.0	0.0
FCF	(0.0)	(0.1)	0.2	0.2	0.3
Pay out ratio	0%	0%	0%	0%	0%

Ratios					
EBITDA margin	19.5%	14.1%	14.9%	16.7%	18.3%
EBIT margin	14.8%	8.5%	9.8%	11.8%	13.5%
Net Debt/Equity (Gearing)	90.0%	37.3%	20.5%	5.9%	-8.2%
Net Debt/EBITDA	1.71	1.43	0.77	0.21	-0.29
Interest cover EBIT	10.31	8.66	18.94	48.00	n.s.
ROCE	25.7%	12.9%	16.3%	23.8%	29.5%
ROE	27.2%	12.1%	14.4%	13.9%	15.3%

Growth Rates					
Revenues (VoP)	16%	9%	10%	10%	10%
EBITDA	5%	-19%	19%	23%	20%
EBIT	4%	-35%	30%	32%	26%
Net Profit	13%	-27%	38%	13%	29%

AIM POSITIONING

ILPRA positions itself in the AIM "Manufacturing" Sector.

Compared to the average AIM Italia "Manufacturing" Sector, ILPRA shows:

- Higher revenue growth rates (+13% vs +10%);
- Higher EBITDA margin (14% vs 12%);
- Lower level of indebtedness (NPF/EBITDA 1.4x vs 2.0x)

FY 2019 Data	Revenues (Euro m)	Revenues YoY (%)	EBITDA margin (%)	Net Debt (Cash) (Euro m)	EV/EBITDA (x)	NPF/EBITDA (x)
Askoll EVA	20	33%	-21%	(10.2)	n.m.	n.m.
CFT	251	12%	7%	43.4	4.7	2.5
Clabo	55	3%	12%	29.4	5.1	4.3
Comer Industries	405	7%	11%	29.1	5.1	0.6
Costamp Group	58	1%	10%	29.7	16.3	5.2
Energica Motor Company	3	47%	n.m.	0.3	n.m.	n.m.
Fervi	29	19%	16%	(0.9)	5.0	(0.2)
Gel	17	-1%	14%	1.1	2.8	0.5
Gibus	41	20%	14%	(1.9)	4.1	(0.3)
Grifal	19	7%	13%	4.4	12.3	1.8
Industrie Chimiche Forestali	72	-10%	13%	4.4	4.5	0.5
Illa	30	-10%	-3%	12.6	n.m.	n.m.
ILPRA	32	13%	14%	6.5	6.4	1.4
Marzocchi Pompe	39	-11%	16%	12.5	5.4	2.0
Officina Stellare	8	59%	37%	0.0	14.4	0.0
Radici Pietro Industries&Brands	59	-1%	11%	22.0	5.1	3.3
Rosetti Marino	339	30%	10%	120.2	7.9	3.6
Salcef Group	311	-2%	23%	(55.9)	6.3	(0.8)
Sciuker Frames	12	13%	22%	7.6	7.4	3.0
SITI B&T Group	175	-15%	11%	59.1	4.5	3.2
Vimi Fasteners	47	-4%	9%	19.6	8.0	4.7
Manufacturing	96	10%	12%	15.9	7.0	2.0
AIM Italia	45	17%	15%	5.6	12.1	2.1

Source: Osservatorio AIM Italia and FactSet data as of September 23th, 2020

Compared to the average AIM Italia "Manufacturing" Sector, ILPRA shows:

- Lower capitalisation (Euro 23 m vs. Euro 45 m);
- Lower free float (20% vs. 33%);
- Lower average daily traded turnover year-to-date (Euro 7 k vs. Euro 71 k).

Market Data	Capitalization (Euro m)	Free Float (%)	Perf. from IPO (%)	ADTT YTD (Euro)
Askoll EVA	25	28%	-58%	162,398
CFT	37	60%	-77%	39,977
Clabo	5	30%	-77%	12,513
Comer Industries	208	20%	-13%	24,710
Costamp Group	67	7%	-48%	5,174
Energica Motor Company	33	45%	-44%	88,989
Fervi	24	21%	-39%	9,853
Gel	5	30%	-72%	17,797
Gibus	25	17%	-17%	13,230
Grifal	25	32%	-10%	48,789
Industrie Chimiche Forestali	35	100%	-5%	36,147
Illa	4	20%	-81%	7,845
ILPRA	23	20%	-11%	7,429
Marzocchi Pompe	21	24%	-38%	9,352
Officina Stellare	41	16%	22%	24,923
Radici Pietro Industries&Brands	12	23%	-56%	22,852
Rosetti Marino	144	0%	20%	5,247
Salcef Group	502	27%	21%	290,297
Sciuker Frames	11	29%	-28%	60,049
SITI B&T Group	24	25%	-76%	13,960
Vimi Fasteners	13	23%	-71%	14,476
Manufacturing	61	28%	-36%	43,619
AIM Italia	45	33%	-11%	71,392

Source: Osservatorio AIM Italia and FactSet data as of September 23th, 2020

1H 2020 RESULTS – sharp increase in profitability

ILPRA closed 1H20 with sales in line with previous year over performing the markets which showed a COVID-19 related contraction of -2.1% and -19.8% in 1Q and 2Q of 2020 respectively and with a sharp increase in profitability with EBITDA and Net Profit increasing by +81% and +188%.

More in detail, sales came in at Euro 15.3 m, in line with Euro 15.3 m of 1H19 driven partially by the M&A activity in FY19. Domestic sales amounted to Euro 4.8 m (+9%) and represented the 32% of total sales (29% in 1H19). Export sales came in at Euro 10.5 m (Euro 10.9 m in 1H19) with a total weight of 68% on total sales (71% in 1H19). Value of Production, up by +6.9%, reached Euro 17.5 m.

EBITDA stood at Euro 2.6 m, +81%, vs. Euro 1.5 m in 1H19, and with an EBITDA margin of 17.2%, up sharply from 9.5% in 1H19 as a result of more efficient production activity achieved thanks to the investments made in previous years and cost control activities implemented by Management.

After D&A of Euro 0.9 m (Euro 0.8 m in June 2019), EBIT stood at Euro 1.7 m vs. Euro 0.7 m of 1H19. EBIT margin was 11.1% (4.3 previous June).

Net Result was of Euro 1.3 m recording a significant YoY growth of +188% (Euro 0.4 m in 1H19).

At the end of June 2020 Net Debt was of Euro 7.2 m, up from Euro 6.5 on FY19 following an increase in debt to banks (Euro 1.3 m). Net Debt included Euro 1.0 m of overdue tax payable that decreased from Euro 1.2 m of FY19.

Total Equity amounted to Euro 18.4 m, up by +6% vs FY19. While Group's Equity was of Euro 15.8 m in 1H20. Net Debt / Group's Equity ratio was of 0.45x.

Consolidated Income Statement – Euro m

	1H 2020A	1H 2019A	Δ (%)
Sales	15.3	15.3	0.0%
	yoy	+13.8%	
Revenues (VoP)	17.5	16.4	+6.9%
	yoy	+7.2%	
EBITDA	2.6	1.5	+81.2%
	margin	9.5%	
EBIT	1.7	0.7	+158%
	margin	4.3%	
Pre tax profit	1.6	0.6	+183.9%
Net Profit	1.3	0.4	+188.2%
Group's Net Profit	1.1	0.2	+327.6%

Source: Group data (OIC)

Consolidated Balance Sheet – Euro m

	1H 2020A	FY 2019A	Δ (%)
Net Working Capital (NWC)	17.0	14.7	+15.4%
Fixed net assets	11.3	11.7	-3.2%
Funds	(2.8)	(2.6)	+5.6%
Net Capital Employed	25.5	23.8	+7.4%
Net Financial Position (Cash)	7.2	6.5	+11.2%
Total Equity	18.4	17.3	+6.0%
Sources	25.5	23.8	+7.4%

Source: Group data (OIC)

Positive outlook based on a robust business model and a well-defined growth strategy. Our outlook for ILPRA remains very positive also in light of the positive 1H20 results which confirmed the Group's ability to achieve growth above market rates and a structural improvement profitability, and thus affirming the robustness of the business model and the growth strategies perused.

Management is confident that the Group will be able to continue to outperform the market in the near future, also in light of the M&A activity carried out in 1H20 and the recently signed supply agreement with a primary European manufacturer of swabs for a total value of Euro 2.3 m.

Estimate review. Given the above, we confirm our previous forecast for FY20-22 based on a top-line 19-22 CAGR of 11% and a progressive increase in profitability as the Group will be able to benefit from synergies from the recent acquisitions and from improved production efficiently. We stress that our forecast does not include any potential opportunities arising from further M&A activity, which however remains a key strategic pillar for the Group in the next years.

Consolidated Income Statement – Euro m

	2019A	2020E	2021E	2022E
Sales	32.0	36.0	39.5	43.4
	yoy	+12.8%	+12.4%	+9.8%
Revenues (VoP)	34.4	37.8	41.5	45.6
	yoy	+9.2%	+10.0%	+9.7%
EBITDA	4.5	5.4	6.6	7.9
	margin	14.1%	14.9%	16.7%
EBIT	2.7	3.5	4.7	5.9
	margin	8.5%	9.8%	11.8%
Pre tax profit	2.4	3.3	4.6	5.9
Net Profit	2.1	2.9	3.3	4.2
Group's Net Profit	1.6	2.2	2.5	3.2

Source: Group data (OIC / ITA Gaap) for FY 2019, IR Top Research estimates for FY 2020-2022

Consolidated Balance Sheet – Euro m

	2019A	2020E	2021E	2022E
Net Working Capital (NWC)	14.7	16.5	18.4	20.5
Fixed net assets	11.7	10.7	9.6	8.4
Funds	(2.6)	(2.9)	(3.1)	(3.4)
Net Capital Employed	23.8	24.4	24.9	25.5
Net Financial Position (Cash)	6.5	4.1	1.4	(2.3)
Total Equity	17.3	20.2	23.5	27.7
Sources	23.8	24.4	24.9	25.5

Source: Group data (OIC / ITA Gaap) for FY 2019, IR Top Research estimates for FY 2020-2022

AIM DISCOUNT UPDATE

When using market multiples to determine the target price of an AIM Italia listed company, we apply a discount on the average peer multiple based on an algorithm that, in partnership with Wisefunding Ltd¹ and “Osservatorio AIM” (IR Top proprietary database) measures the positioning of the company along 5 dimensions:

- Market Data (capitalisation, liquidity, free float)
- Financials (growth and profitability)
- Sustainability (ESG)
- Transparency (strategic plan)
- Credit Risk (Wisefunding Bond Rating Equivalent)

Market Data establishes a base discount that runs from 20% to 30%. Hence, according to a scoring system, the Credit Rating accounts for a premium/discount in the +/- 2.5% range with a B+ (representing the average rating of Italian SMEs) would imply neutrality, i.e. +/- 0% discount/premium. The remaining three dimensions (Financials, Sustainability and Transparency) together determine an additional discount/premium of +/- 5%.

The Credit Risk Profile was recently added to our algorithm and is elaborated in collaboration with Wisefunding Ltd, a London based fintech specialized in providing accurate credit assessments for SMEs, segmented by size, country and industry sector.

Applying the algorithm on **ILPRA**, we consider fair a discount of 27.5% to Industry peers based on:

- Market Data discount of 30.0%
- Wisefunding PMI Z-score of 316 and bond rating equivalent of B+ which would imply neutrality (+/-0%)
- A 2.50% premium as a sum of the scoring for Financials, ESG and Transparency.

VALUATION

We have updated our valuation for ILPRA and in particular:

- the DCF to include the new estimates and up-to-date risk-free rate and ERP;
- the relative valuation to reflect current market multiples and updated our AIM Positioning Discount to reflect FY 2019 results and a credit rating as of the analysis made by Wisefunding.

Our valuation of ILPRA is based on a DCF and Multiple comparison, weighted equally.

The relative valuation to reflect current market multiples for two separate peer groups: (i) AIM Italia listed peers active in Manufacturing sectors and (ii) International peers active in the manufacturing of packaging machines.

¹ Wisefunding is a London-based fintech company specialised in assessing the credit risk of small and medium sized enterprises (SMEs). Through their online platform, they allow businesses looking to obtain finance or lenders and investors looking to assess the risk of businesses to get more accurate data to make better decisions quicker than ever before. Wisefunding provides SMEs across Europe with a risk assessment based on past financial history and a range of publicly available structured and unstructured data. Professor Edward Altman, one of the pioneers of credit risk analytics back in the 60s and inventor of the famous Z-score model, is one of the co-founders. Wisefunding has been official partner of Borsa Italiana for the Fixed Income since 2016.

Aim Italia listed peers

	Country	Market Cap (Euro m)	2019 Revenues (Euro m)	Revenues yoy	2019A EBITDA %	2020E EBITDA %
Askoll EVA	Italy	22	20.2	33%	-21.3%	-18.8%
CFT	Italy	35	254.0	12%	5.9%	6.3%
Clabo	Italy	5	57.0	3%	12.3%	13.8%
Comer Industries	Italy	208	405.0	7%	11.1%	11.4%
Costamp Group	Italy	72	58.3	1%	9.8%	11.5%
Energica Motor Company	Italy	29	n.a.	47%	n.m.	n.m.
Fervi	Italy	24	29.0	19%	13.8%	13.0%
Gel	Italy	5	17.0	-1%	11.8%	11.8%
Gibus	Italy	24	40.9	20%	13.7%	8.9%
Grifal	Italy	24	20.0	7%	10.0%	11.1%
Icf Group	Italy	37	71.9	-10%	12.0%	10.3%
Illa	Italy	5	28.3	-10%	-2.1%	3.4%
Marzocchi Pompe	Italy	18	39.7	-11%	15.9%	14.9%
Officina Stellare	Italy	42	7.9	59%	36.7%	36.7%
Radici Pietro Industries&Brands	Italy	12	63.9	-1%	10.6%	3.7%
Rosetti Marino	Italy	141	339.0	30%	9.7%	3.8%
Salcef Group	Italy	510	318.0	-2%	22.0%	22.1%
Sciuker Frames	Italy	11	12.1	13%	19.0%	20.3%
SITI B&T Group	Italy	23	175.0	-15%	10.9%	6.4%
Vimi Fasteners	Italy	13	47.1	-4%	10.2%	9.5%
Average AIM Peers		63	105.5	+10%	11.2%	10.5%
ILPRA	Italy	23	34.4	+13%	13.1%	14.4%

	EV/EBITDA (x)		
	20E	21E	22E
Askoll EVA	n.s.	n.s.	22.7
CFT	5.8	4.8	2.8
Clabo	3.6	2.6	n.d.
Comer Industries	5.2	4.2	3.7
Costamp Group	13.7	10.5	8.5
Energica Motor Company	n.d.	n.d.	n.d.
Fervi	6.5	4.5	3.0
Gel	4.2	2.8	2.2
Gibus	7.7	3.5	2.6
Grifal	16.1	9.4	5.7
Icf Group	6.5	4.5	3.4
Illa	19.2	13.0	n.d.
Marzocchi Pompe	4.5	3.5	2.9
Officina Stellare	13.7	10.2	8.1
Radici Pietro Industries&Brands	21.2	6.8	5.0
Rosetti Marino	3.8	2.6	n.d.
Salcef Group	6.0	5.4	4.6
Sciuker Frames	7.4	4.9	3.5
SITI B&T Group	16.8	9.4	4.5
Vimi Fasteners	8.6	5.2	n.d.
Average AIM Peers	7.0	4.9	3.7
ILPRA	5.3	3.8	2.8
<i>Premium/(Discount) to Peers</i>	<i>-24%</i>	<i>-22%</i>	<i>-24%</i>

Source: PMI Capital as of September 29th, 2020

International peers

	Country	Market Cap (Euro m)	2019 Revenues (Euro m)	Revenues yoy	2019A EBITDA %	2020E EBITDA %
Alfa Laval	Sweden	XX	XX	+XX%	XX%	XX%
GEA Group	Germany	XX	XX	+XX%	XX%	XX%
I.M.A.	Italy	XX	XX	+XX%	XX%	XX%
John Bean Technologies	USA	XX	XX	+XX%	XX%	XX%
Krones	Germany	XX	XX	+XX%	XX%	XX%
SPX Flow	USA	XX	XX	+XX%	XX%	XX%
Average International Peers		XX	XX	+XX%	XX%	XX%
ILPRA	Italy	XX	XX	+XX%	XX%	XX%

	20E	EV/EBITDA (x) 21E	22E
Alfa Laval	10.8	10.6	9.7
GEA Group	11.6	10.4	9.4
I.M.A.	14.4	12.3	11.0
John Bean Technologies	13.8	12.5	n.a.
Krones	8.6	5.9	4.6
SPX Flow	13.9	10.6	8.3
Median International Peers	12.7	10.6	9.4
ILPRA	5.3	3.8	2.8
<i>Premium/(Discount) to Peers</i>	-58%	-64%	-70%

Source: PMI Capital for ILPRA as of September 29th, 2020 and FactSet data for peers as of September 29th, 2020

DCF model

Our DCF model yields a fair value of Euro 4.27 per share and was run using our FCF estimates for the FY20-23 explicit period and based on a WACC of 7.7%.

VALUATION SUMMARY

We have updated our valuation for ILPRA and in particular:

- the DCF to include the new estimates and up-to-date risk-free rate and ERP;
- the relative valuation to reflect current market multiples and updated our AIM Positioning Discount to reflect FY 2019 results and a credit rating as of the analysis made by Wisefunding.

We confirm a positive outlook for ILPRA and set a target price of Euro 3.4 p.s. (previous 3.10 Euro p.s.). Our new target price implies a potential upside of +79% and implicit 2020-2021 EV/EBITDA multiples of 9.0x and 7.3x respectively. Target price was obtained weighting equally the two approach: DCF and Multiple comparison analysis.

Method	Weight	Price (Eu)
Multiple analysis	50%	2.54
DCF	50%	4.27
Target Price	100%	3.40

COMPANY DESCRIPTION

ILPRA, listed on AIM Italia since February 15th, 2019, is specialized in the design and production of packaging machines, and is a primary player in the of food, cosmetics and medical packaging markets. With over 16,000 machines sold worldwide, and 237 employees (average number at June 30th, 2020), the Company offers technological solutions manufactured in-house, ensuring high Italian quality.

The Company distinguishes itself for its **wide product range** (traysealers, fillers & sealers, thermoformers, buckets fillers, traysealers Seal Box) **and innovative technological solutions**. FY 2019 closed with sales of Euro 32.0 m and an EBITDA margin of 14.1%. About 64.7% of total sales were realized outside Italy.

INNOVATION

ILPRA is a registered innovative SME with **significant investments in R&D (>3% of 2019 revenues) and patent holder of ProGas**, an innovative technology based on an exclusive work cycle that can be applied to ILPRA's packaging machines. The Company has also developed **E-Mec**, a technology based entirely on the electro-mechanical motion of work stations.

STRATEGY

The growth strategy of the Company for the next years is based on:

- **Innovation:** continuous investments in training, innovative technological tools and R&D activities
- **Quality:** adapt production facilities to "Industry 4.0" requirements and introduction of Lean Manufacturing logics
- **Internationalization:** opening of new branches abroad. Focus on France, Germany, Eastern Europe, Russia, Australia and USA.
- **Marketing:** increase brand awareness by participating in smaller local fairs in addition to the main international industry fair
- **M&A:** focus on targets active in the production of highly specialized machines, end-of-line parts and dosing systems.

MAIN RISK

- **Macroeconomic situation and evolution of the reference market:** the industry performance is related to the general economic outlook and therefore any period of recession can lead to reduced demand for the products and services offered.
- **Competitiveness risk:** the Italian packaging machine market is very fragmentated, although many competitors are of a smaller size compared to ILPRA and serves only the domestic market. Presence of larger competitors, mainly German companies, with similar strategy as the Company in terms of product differentiation in the export market on the "premium" segment
- **High product offering in the market:** especially in Italy, as many smaller players manufacture packaging machines by assembling parts, not producing them. This generate a high offer of the product in the market and hence lower customer loyalty.
- **Exchange rate fluctuation risk:** especially related to Euro/Dollar exchange rate.

MAIN OPPORTUNITIES

- **Strong expertise:** the Company has more than 60 years of experience, with strong know-how in the study, design and develop of innovative and modern technology in the packaging industry.
- **Made in Italy:** design and production of the packaging machines entirely in Italy, using innovative 3D software and ERP/MRP systems. ILPRA controls the entire productive process by acting directly on time, cost and quality of the product made with its packaging machines.
- **Wide range of products and customised solutions:** ILPRA provides its clients with different machines for different types of packaging and production lines, designed and produced to offer customised solutions. All the machines produced by the Company can be customized by the clients in order to meet the needs of both the single craftsman and the large company.
- **International presence and competitive positioning:** with about 64.7% of 2019 revenues realized abroad and with a capillary presence worldwide, also thanks to the subsidiaries, the Company is able to provide its clients with a complete product/service offering (design, production, sales, add on services, maintenance and assistance).

ILPRA ON AIM ITALIA

IPO

Trading Market: AIM Italia – Borsa Italiana SpA

Date: February 15th, 2019

Price: 2.10

Capital raised: Euro 5.3 m

Capitalisation: Euro 25.3 m

SHARES (as of September 29th, 2020)

Code: ILP

Bloomberg: ILP IM

Reuters: ILP.MI

ISIN: IT0005359101

Shares: 12,038,600

Share Capital: Euro 2,407,720

Price: Euro 1.90

Performance from IPO: +10%

Capitalisation: Euro 23 m

Free Float: 20.02%

NomAd: Integrae Sim SpA

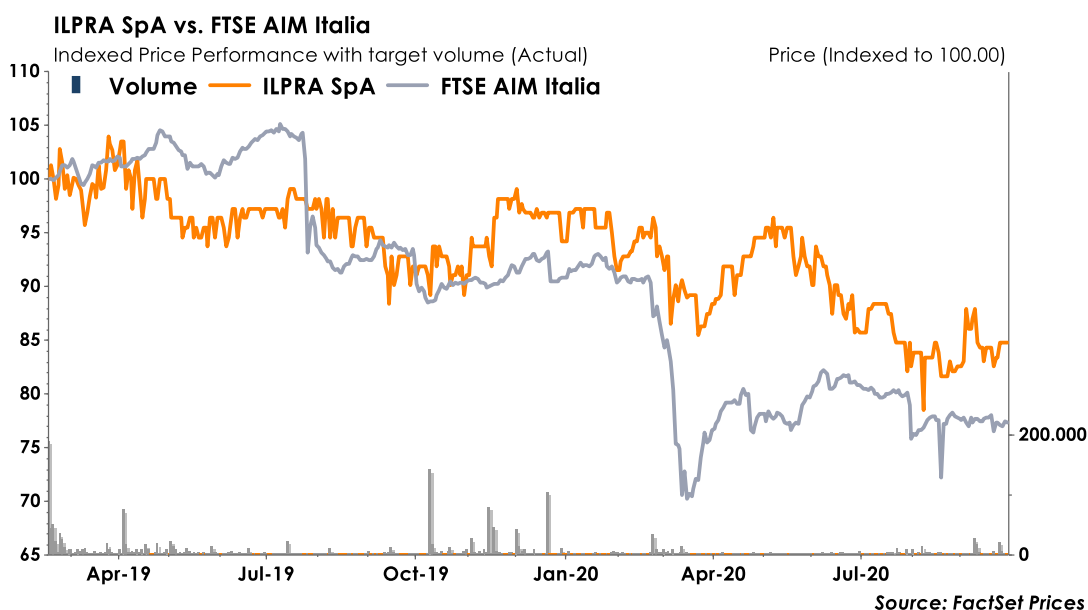
Auditing firm: BDO Italia SpA

The share capital subscribed and paid up is Euro 2,407,720, made up by n. 12,038,600 ordinary shares. Free float is 20.02%.

Shareholder	N° of shares	%
Maurizio Bertocco	4,669,000	38.78%
Cristina Maldivassi	4,629,400	38.45%
Market	2,740,200	22.76%
-of which Free Float	2,409,600	20.02%
-of which other shareholders <5%*	330,600	2.75%
Total	12,038,600	100.00%

Source: Company data as of September 29th, 2020

*including n. 13,200 shares holds by Maurizio Bertocco without lock-up agreement (Mr Bertocco holds a total of n. 4,862,200 share equal to 38.89%)



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	Date	Target Price	Market Price	Validity Time
	September 30 th , 2020	3.40	1.90	12 months
	April 29 th , 2020	3.10	2.12	12 months
	October 31 st , 2019	3.53	2.00	12 months
	April 11 th , 2019	3.30	2.26	12 months

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Chiara Cardelli, (Researcher)

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