

# ILPRA

## Innovation as a key to grow

15<sup>th</sup> February 2022

# BUY

Target Price : **5.6€**

Upside potential : **+33.6%**

### Leading player in Italy, with margin to expand internationally

ILPRA S.p.A. is an Italian innovative SME specialised in the design and production of packaging machines. It is now one of the leader in the reference market, with a consolidated position in Italy and a strong presence abroad with several subsidiaries in Russia, UK, India, UAE and Hong Kong.

It was introduced in the Euronext Growth Milan on February 15 2019, in order to support the growth, with an initial price of 2.10€ and it rapidly doubled, reaching a price over 4€ in January 2022, with still significant growth potential.

### Comfortable performance H1-21

In line with the strong recovery showed in the packaging machinery sector in H1-21, ILPRA reported a comfortable performance, with Net Sales and EBITDA increased respectively by 32.5% yoy and 66.7% yoy. Margin up to 21.6% (+4.4pp yoy), despite raw material price spike.

Improved top line led to a significant cash generation (cash in hands of ca. €11m), allowing to cover planned Capex and pay dividends (dividend yield 2.2%).

High cash position will allow to accelerate the growth, organically and taking advantage of M&A opportunity.

### The recipe for growth

Excellent performance of the last semesters allows the group to implement an ambitious business plan which will bring the company to show its full potential. A business plan based on 4 strategic pillar - **Innovation, Sustainability, Efficiency and internationalization** – will lead to a significant growth in revenues (+10% CAGR 20-25), highly improved EBITDA margins (+13% CAGR 20-25) and considerable cash generation (+23% CAGR 20-25).

### Valorisation

We initiate our coverage with a target price of €5.6, with an upside potential of 33.6%, reflecting the expected significant growth outlook.

We based our valuation on the DCF method (WACC 9.6% and TGR 1.5%) with a weight of 50% and a peers multiples approach with a weight of 50% (applying a discount factor of 40% to highlight the size and liquidity gap).

**We set our Buy recommendation and a Price Target at €5.6.**

#### Market Data

|                 |                       |
|-----------------|-----------------------|
| Industry        | Packaging Machinery   |
| Share Price (€) | 4.2                   |
| Market Cap (€M) | 50.3                  |
| Market Segment  | Euronext Growth Milan |
| Bloomberg       | ILP-IM                |

#### Ownership Structure

|             |       |
|-------------|-------|
| Holds Srl   | 76.9% |
| M. Bertocco | 0.4%  |
| Market      | 22.7% |

| M€ (31/12)         | 2020        | 2021e        | 2022e        | 2023e        |
|--------------------|-------------|--------------|--------------|--------------|
| <b>Net Sales</b>   | <b>32.4</b> | <b>41.4</b>  | <b>44.9</b>  | <b>48.3</b>  |
| <i>Growth</i>      | 1.0%        | 27.7%        | 8.6%         | 7.6%         |
| <b>EBIT</b>        | <b>4.2</b>  | <b>6.3</b>   | <b>7.1</b>   | <b>7.9</b>   |
| <i>EBIT Margin</i> | 12.9%       | 15.1%        | 15.7%        | 16.4%        |
| Net Income         | 3.2         | 4.6          | 5.2          | 5.9          |
| EPS €              | 0.22        | 0.31         | 0.36         | 0.42         |
| <i>EPS growth</i>  | 71.4%       | 37.5%        | 17.9%        | 14.9%        |
| DPS                | 0.06        | 0.09         | 0.11         | 0.13         |
| <i>Yield</i>       | 2.9%        | 2.2%         | 2.6%         | 3.0%         |
| <b>FCF</b>         | <b>3.6</b>  | <b>4.8</b>   | <b>5.2</b>   | <b>5.9</b>   |
| ROIC               | 14.0%       | 21.8%        | 21.3%        | 23.7%        |
| EV/Sales (x)       |             | 1.3x         | 1.2x         | 1.1x         |
| EV/EBIT (x)        |             | 8.4x         | 7.5x         | 6.7x         |
| PE (x)             |             | 11.1x        | 9.7x         | 8.6x         |
| <b>Net debt</b>    | <b>1.9</b>  | <b>(1.8)</b> | <b>(5.4)</b> | <b>(9.6)</b> |
| Gearing net        | 9%          | (7%)         | (19%)        | (29%)        |

Estimations Midcap Partners

Upcoming event : 30/03/2022 FY21

#### Contact

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|-----------|--|
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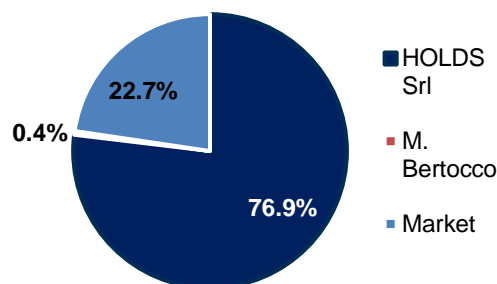


# I. OVERVIEW

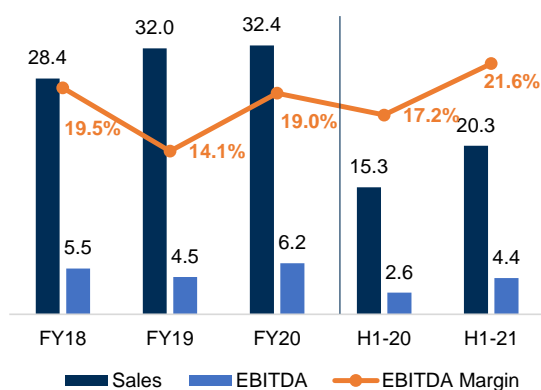
## Description

ILPRA S.p.A. is an Italian innovative SME specialised in the design and production of packaging machines. The Group, based in Mortara (Pavia, Italy) was established in 1955. It is now one of the leader in the reference market, with a consolidated position in Italy and a strong presence abroad with several subsidiaries in Russia, UK, India, UAE and Hong Kong. They provide, standard machines but even customised solutions for specific needs, achievable thanks to a complete range of packaging machines (thermoforming machine, filling and sealing machine, tray sealer, packing and palletizing automation machine). They also provide spare parts and components for machines, and an end to end technical assistance pre and post sales. The Group has a strong presence in the food, cosmetics and medical packaging markets.

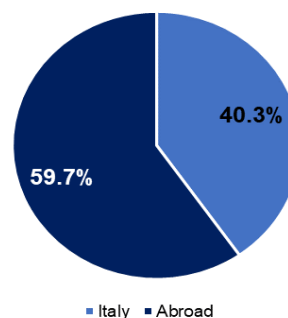
## Shareholders structure



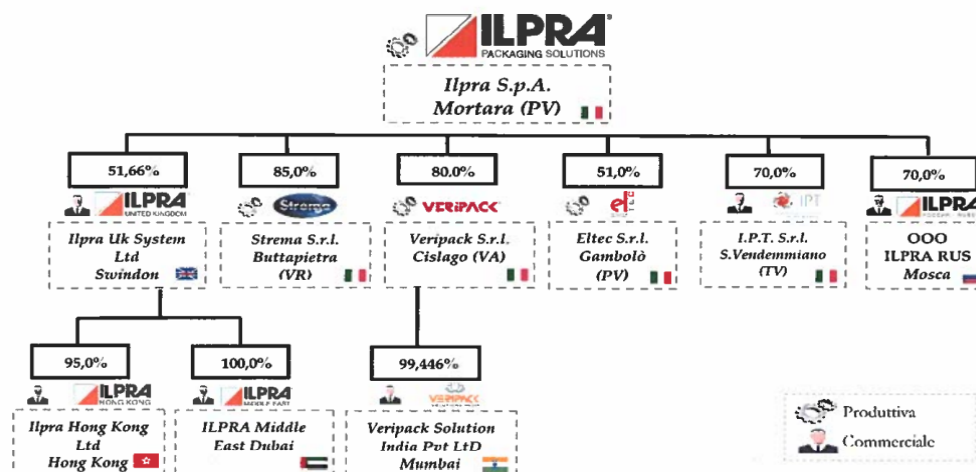
## Sales and EBITDA evolution (2018-2021)



## Breakdown of sales H1-21 by geography



## Group Structure



Sources : Company, Midcap

## SWOT Analysis

### Strengths

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- Market leader in Italy. Locally-sourced production and strong brand awareness;
- Vast range of products. In addition to the common products, ILPRA provides customisable solutions as well;
- International reach. Affiliates in Russia, UK, India, UAE and Hong Kong.
- Centralized production and strong vertical integration.

### Opportunities

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- Commit to UN PRI development goals;
- Strive towards a sustainable approach: offer machines suitable for different materials;
- Sustainability awareness is growing, thus driving market participants towards innovative solutions
- Growing demand for packaging machines. E-commerce growth is a driving factor.

### Weaknesses

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- Limited global reach in the most important economies;
- Limited size compared to main market players
- Still limited sustainable capacity.

### Threats

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- Increasing price level for raw materials;
- Supply disruptions (external factors) could damage brand reputation;
- Highly fragmented reference market;
- Exchange rate volatility: could impact overall Group turnover when operating abroad.

Sources : Company, Midcap

## II. Wide range of technologic solutions





The group provides technologic solutions designed to meet the production needs of customers, mainly operating in the food, cosmetics and medical packaging sectors. In addition to the different lines of standard machines, designed to meet the needs of both small production and high continuous flow production, ILPRA is able to provide customised solutions for specific needs. The extreme flexibility and customisation of packaging solutions is achievable thanks to the complete range of machines.

### Group portfolio of products

| Type   | Functions   | Applications  |
|--|---|---|
| <p><b><u>Tray Sealer</u></b></p>  <p><i>Foodpack Speedy</i></p>         | <p>Highly versatile machines suitable for sealing and packaging products in preformed trays (through sealing , vacuum , skin, modified atmosphere). Standard machines for different production requirements as well as ad hoc solutions.</p>        |    |
| <p><b><u>Filling and Sealing</u></b></p>  <p><i>Fill Seal</i></p>     | <p>Suitable for different production needs. The product is dosed inside a preformed package onto which an aluminium or paper disc is sealed. Ideal packaging for liquid and dense products (e.g. yogurt, soups, sauces).</p>                        |  |
| <p><b><u>Thermoforming</u></b></p>  <p><i>Formpack Speedyform</i></p> | <p>The product package is created through the use of a packaging film onto which a film of sealing is sealed. Packaging can be done through vacuum, modified atmosphere, skin. The machines are ideal for any type of product, food or medical.</p> |  |
| <p><b><u>Automation (End-line)</u></b></p>  <p><i>RS</i></p>          | <p>These machines allow the automation of boxing and palletising processes for different range of products. They allow to provide a turnkey product to final clients. They integrate the innovative technology 4.0.</p>                             |  |

Sources : Company, Midcap

## Packaging solutions

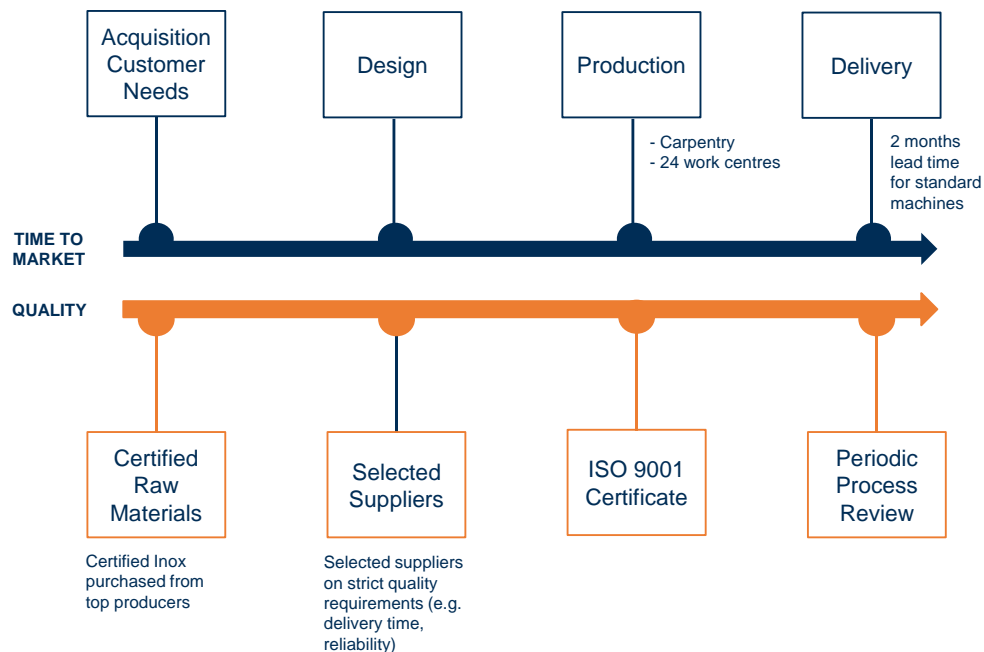
| Type  | Functions  | Applications  |
|---|--|---|
| <p><b><u>Sealing</u></b></p> <p>Hermetic product package, perfectly sealed</p>        | <p>Only sealing packaging protects products from physical and environmental stresses, humidity and light and it is suitable for non-food products (industrial, medical and pharmaceutical) or for food that does not require long shelf life.</p>  |    |
| <p><b><u>Modified Atmosphere</u></b></p> <p>Fresh product as it was just packaged</p> | <p>This process aims at extending the product freshness (shelf life), for a better safety. This technology is based on the replacement of the air contained in the package with predefined gas mix.</p>  |    |
| <p><b><u>Vacuum</u></b></p> <p>Total protections from every external stress</p>       | <p>The total lack of air prevents from the origination of bacteria and other organisms, guaranteeing safety and the preservation of the product nutritional values. It is suited for any kind of materials.</p>                                    |   |
| <p><b><u>Skin</u></b></p> <p>An additional protection for a better quality</p>        | <p>This technology consists in sealing a packaging film, in order to make it stick to the product, ensuring a longer shelf life. The result is a product in vacuum, ideal for the packaging of fresh food (e.g. meat, fish, ready-made dishes)</p> |  |

Sources : Company, Midcap

### III. Vertical Integration

All ILPRA production of packaging machines is held at the Group’s headquarters in Mortara, Italy. This choice of having a centralised production site allows ILPRA to have total control over the production process, from the overall procurement time of the raw materials to the product finalization, which in turn limits costs and guarantees quality for their customers. In addition, ILPRA is also able to limit response times and aid their customers with any requests more rapidly when all production is centralised in one facility.

In a market where the lead time is getting more and more relevant, the full integration helps generating efficiencies and reducing the lead time.



ILPRA enhanced its vertical integration through three main controlled companies: Veripack Srl, Eltec Srl and Strema Srl.



**Veripack**, part of ILPRA Group since 2019, is a leading company in the design and production of thermoforming machines, with a distribution network developed worldwide. Veripack helps the group providing the highest customisation to clients requests.



**Eltec**, part of ILPRA Group since 2019, is a company expert in the design and production of end line machines. It helps creating a significant value added to the Group proposition, because the latter can offer a more complete service to the client, providing the packaging machine + the end line one. This creates a big advantage both in terms of compatibility of the acquired technologies and investment efficacy.



**Strema**, is one of the main Italian producers of machines for cotton swabs and other paper sticks, addressed to the personal care sector, as well as the cosmetic and medical sector. It integrates its technological know-how to ILPRA Group.

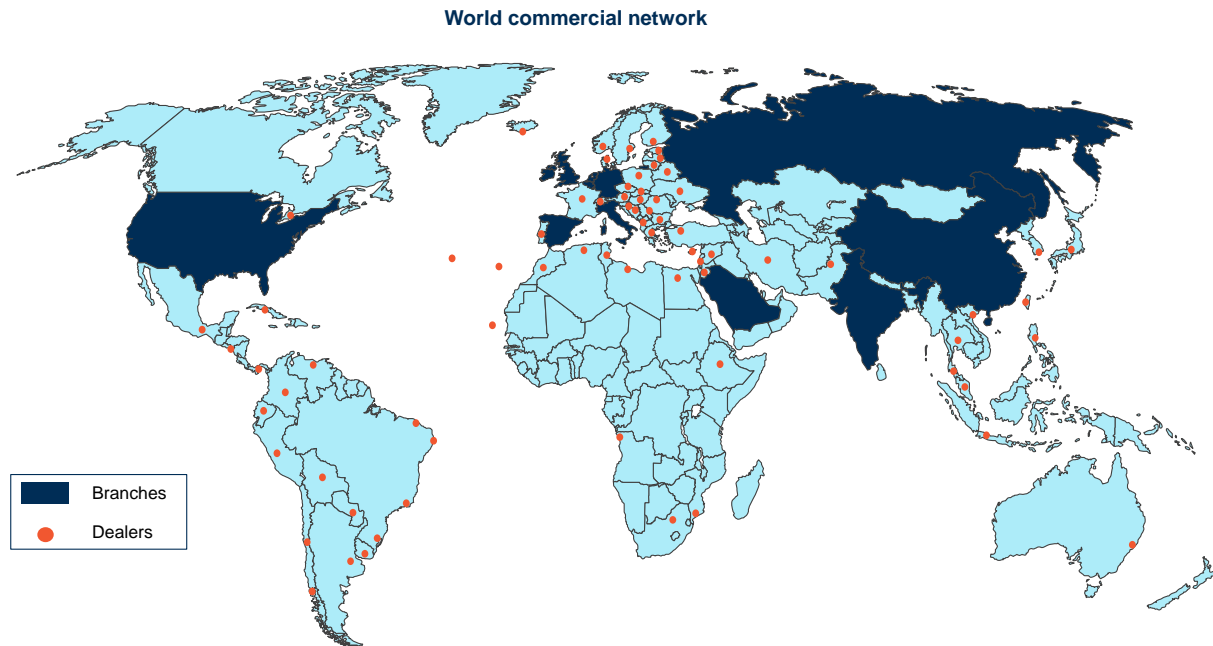




## IV. A winning sale system

As every successful business model, ILPRA has a winning sale system.

The company sells its products through three different sale channels: Direct sales, Group affiliates and resellers. This is enabled by the widespread commercial network which can count on branches in 10 different countries or regions (Italy, US, UK, Middle East, Spain, Russia, Benelux, Germany, Hong Kong, India) and dealers present all around the world.



### Direct Sales

This sale channel works through a dedicated network of agents. The agents liaise with the company as employees in Italy and as external collaborators (“Partita IVA”) abroad. Through this channel, ILPRA can propose a full price to the final customer, recognising a commission to the agents. Main clients on this sale channel are Ferrero, Danone, Granarolo, Unilever, Yacult.

### Group affiliates

ILPRA Italy sells the machines intragroup to the international branches located in USA, Spain, Benelux, Russia, Hong-Kong, Dubai, UK, Germany and India, which can then autonomously manage the commercial relationship with the final client. On sales to intragroup companies, ILPRA usually applies a price discount of ca. 30%.

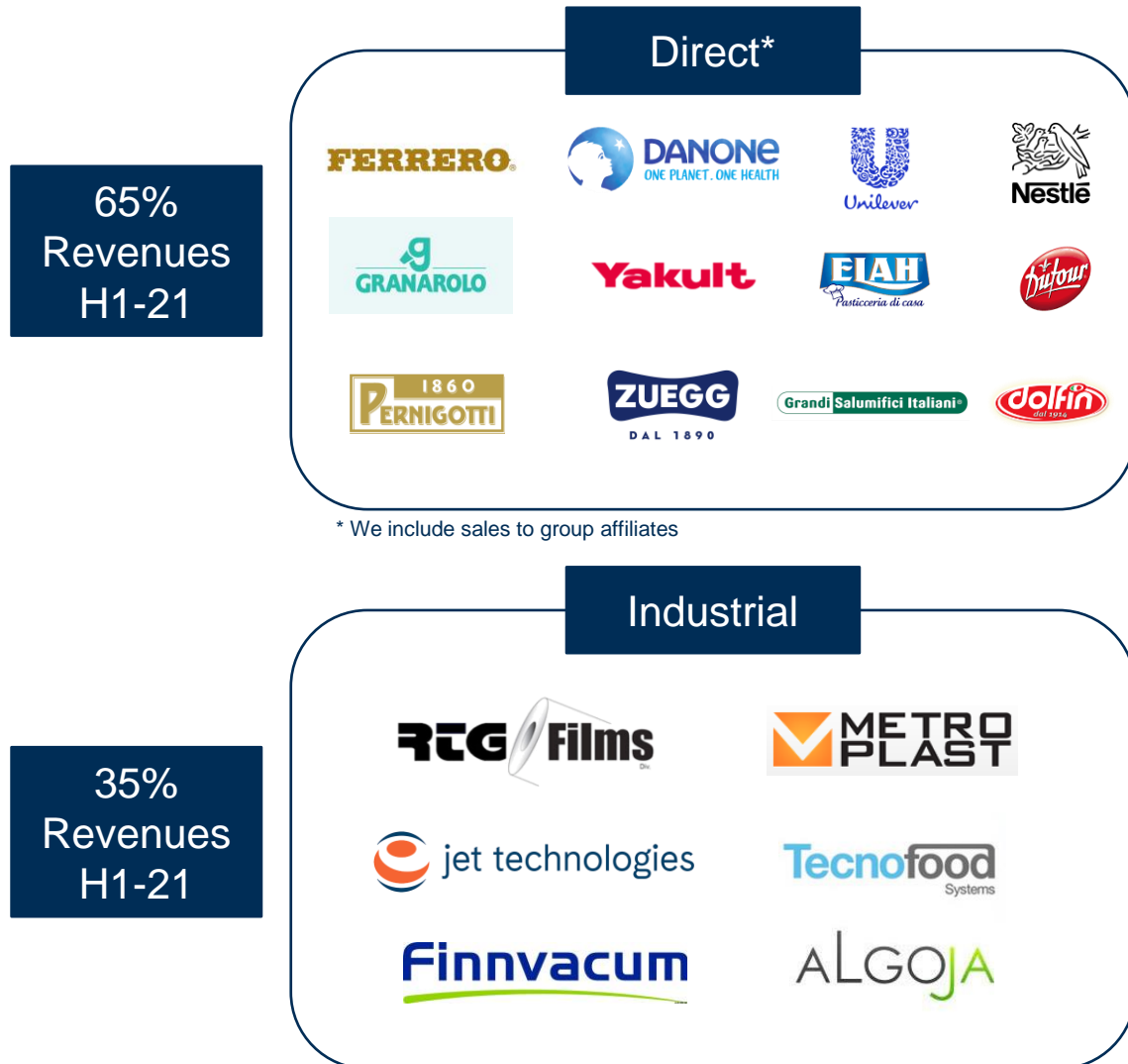
### Resellers

This sale channel is mainly used where the company is not present with a physical branch. ILPRA sells the machine to international partner companies (e.g. Roberts Technology Group in North America, Metroplast in Poland), which take care of the installation of the machine, its maintenance, as well as the entire commercial relationship with clients in their geographic area of competence. To reseller, ILPRA usually applies a price discount of 20-25%.

**This distribution model allowed the company to be present and recognised worldwide, and have business relations with top ranked clients.**



Main clients are split into two clusters: (i) **Direct**, namely the companies operating in the production at industrial level and (ii) **Industrial**, namely resellers who integrate ILPRA's machines with theirs in order to complete the line and then serve the market.



## V. Plastic “Bashing”: un opportunity

ILPRA is one of the leaders in the production of machines for packaging in trays.

Despite packaging in tray is an old technology, it is still one of the most utilized technique for packaging companies. In particular, plastic tray packaging is gaining interest of various end-users, mainly thanks to its reusability, recyclability, convenience and safety. Trays are usually made of PET (polyethylene terephthalate), which is a lightweight, highly resistant material, which make them suitable to many industries, first of all F&B industry and Pharmaceutical, where ILPRA is strongly present.

PET is also a recyclable material. According to Plastic Recyclers Europe (European-based plastics recycling organization), in Europe, there are more than 700k tonnes of PET consumed annually, which can be efficiently recycled and used for the production of new articles, if properly separated.

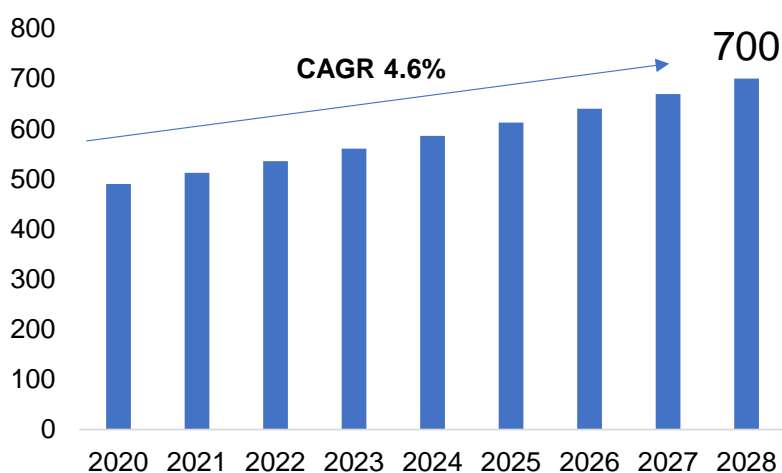
Plastic tray market is therefore estimated to grow at a CAGR of 4.6% in the period 2020-2028. *(source: Future Markets Insights, Plastics Today)*

Despite that, the ongoing pressure from governments and consumers on sustainability and plastic free commitments, are driving packaging companies to launch alternative solutions to plastic. Many players are introducing fiber or plant-based trays, as well as paper or other organic material trays. *(source: Future Markets Insights, Plastics Today)*

ILPRA is confident about its growth potential both in a plastic and non-plastic world, thanks to its highly customizable solutions, which enable to adapt machines to packaging of any kind of material. In case the market will stick to plastic solutions, ILPRA will then benefit from its significant expected growth. In case of a switch to eco-friendly solutions, ILPRA will then be able to seize the opportunity through its strong machine adaptability.

Furthermore, **ILPRA is not particularly concerned regarding the choice of materials, because it is not a material producer and it only receives the tray from the client. Plastic related discussions are then only an opportunity, and related risks are entirely left to the clients.**

### Plastic tray market value 2020-2028 (\$ - m)



Source : Plastic Today, Midcap

## VI. Packaging machinery market

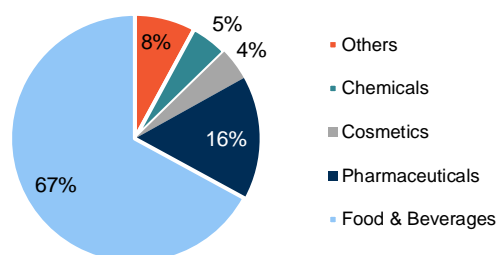
Packaging machinery market is a very large market, both in terms of size and number of players operating in. Its demand is strongly driven by the growing demand of consumer goods, as well as the packaging company needs to be more efficient and fast on the market, which is requiring automated process and always more innovative solutions. Moreover, the pandemic led to a rising awareness regarding health and hygiene, raising demand for safe packed goods, favouring the market growth in the coming years. As a result, global packaging machinery market size is estimated at ca. \$44bn in 2020 and it is expected to rapidly grow at a **5% CAGR (2021-2030)** to reach ca. \$69bn by 2030.

Source : Allied Market Research, Midcap

### Global End user sector

Packaging machinery manufacturers are benefitting from the increasing number of industrial sectors where packaging has become essential. Therefore, they are present in several different sector across F&B, cosmetics, medical, and other consumer goods. (Source : packaging-gateway, Midcap). The dominant sector remains Food & Beverage with 67% of total sector turnover, followed by Pharmaceuticals with 16%, Chemicals with 5% and Cosmetics 4%.

### Breakdown by global end user sector (turnover 2019 - %)



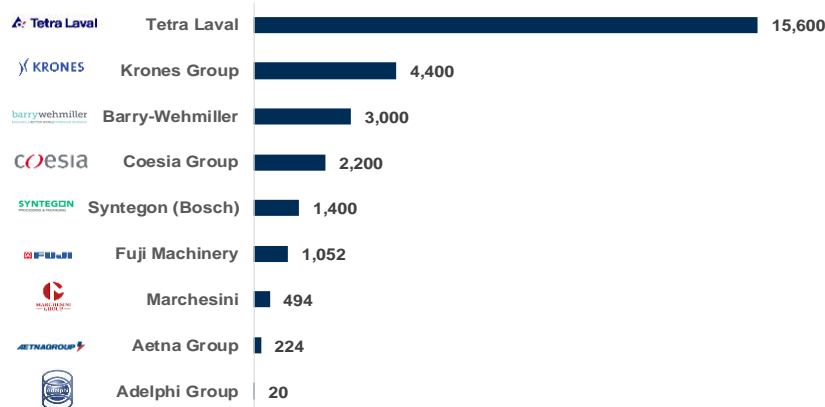
Source : packaging-gateway, Midcap

### Main Global Players

The global packaging machinery market is very wide and shows presence of important players across several countries, varying from one another both in terms of size, and turnover volumes.

The majority of the player are private companies. Among the top companies reported below, only Krones Group is listed in the stock market.

### Main global packaging machinery players (Turnover 2020 - €m)



Source : packaging-gateway, Midcap

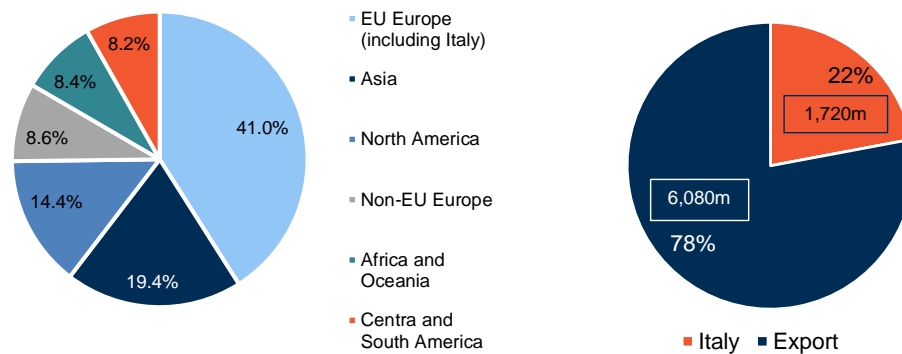
### Italian market



The Italian market reached a total turnover of €8bn in 2020, despite the pandemic negative impact. The market counts 635 players, mainly concentrated along the Via Emilia between Piacenza and Rimini (the so-called Packaging Valley), with further production districts located in Lombardy, Piedmont, Veneto and Tuscany. The breakdown by turnover class reveals a marked predominance of small companies (companies with revenues under €10m make up 79% of the total), although they account for just 17% of total turnover. By contrast, the more structured industrial companies, where ILPRA stands, (51 with revenues of over €25m) account for 68% of turnover and 74% of exports. Italian main players are Coesia Group, Marchesini Group, IMA, Amotek, ICA. (source: Euromeatnews.com, Thepackagingvalley.com).

Export remains the main focus for the Italian players. In 2020 export sales accounted for 78% of the total (€6bn). The European Union remained the main target market for Italian packaging machinery manufacturers and accounted for 41% of total turnover (€2bn) including sales in Italy, followed in second place by Asia with a value of ca. €990 million and a 19.4% share, then North America in third place with €733m (14.4%). Next came non-EU Europe (8.6%, or €440m), Africa and Oceania (8.4%) and Central and South America (8.2%)

### Revenue breakdown by geography for Italian players



Source : Euromeatnews.com, Ucima, Midcap

### End user sector

In line with global trends, also in Italy, packaging machinery manufacturers are dealing with clients operating in several sectors. In 2020, the most developed remains the F&B sector, accounting for 58% of total sales. The latter is split into food sector at 32% turnover (€2.5bn) and beverage at 26% turnover (€2bn). Following we found, pharmaceutical sector at 17% (€1.4bn), cosmetics at 11% (€349m), chemicals at €270m.

### End user sector breakdown in the Italian market (turnover 2020 €m - %)



Source : Euromeatnews.com, Midcap



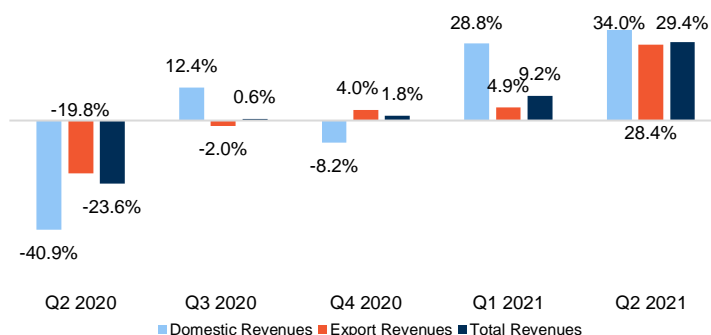
## VII. Strong rebound in the packaging machinery sector

Covid-19 outbreak severely impacted the packaging sector worldwide. Government imposed lockdowns and further mobility restrictions altered, first above all, the companies' production processes, as well as the product deliveries, leading to negative performances during large parts of 2020. Being strictly connected, the packaging machinery sector was also negatively affected by pandemic.

As evidence of the above, the Italian Packaging Machinery Manufacturers Association (UCIMA, the Italian national trade association that represents and supports Italian packaging companies in the local market and abroad), reported the latest results of the Italian companies from Q2-20 until Q2-21, showing an overall revenues drop of 23.6% in Q2-20 (Italy -40.9%, abroad -19.8%).

Despite this severe impact, the sector well reacted from the beginning of 2021, showing a strong increase in revenues of 9.2% in Q1-21 and 29.4% in Q2-21, driven by a rebound both in the domestic market (+28.8% in Q1-21 and +34.0% in Q2-21) and foreign markets (+4.9% in Q1-21 and +28.4% in Q2-21). In line with the market results, ILPRA reported a +32.5% revenues increase in H1-21, driven by the performance in the domestic market (+69.1%) and export (+15.6%).

### Revenue growth Italian Packaging Machinery Manufacturers

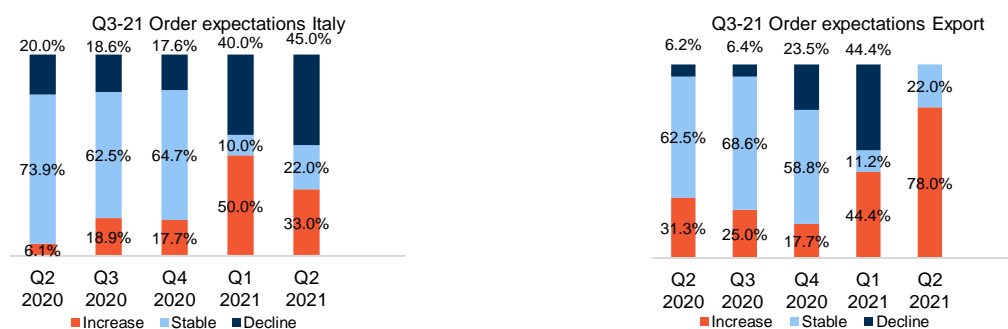


Source : Company, Midcap

In line with the increase in revenues, UCIMA showcased a strong **increase in orders of 10.7% in H1-21**, reflected in a **growth of assured production** of 6.3% in Q1-21 and 7.1% in Q2-21.

On the basis of these encouraging results, UCIMA conducted a survey concerning the orders backlog expectations for the Q3-21. It revealed that, regarding the order collection in the Italian market, 33% of the companies of the sample expect an order increase compared to the previous quarter, while regarding the export market, 78% of the sample expects a rise.

### Q3-21 orders expectation Italy (left) and Export (right)



Source : Company, Midcap



## VIII. Financial Highlights

- Encouraging H1-21 performance, marked by a renewed growth in demand, is reflected in a significant increase in Net Sales (+32.5 yoy) and EBITDA (+66.7% yoy).
- EBITDA margin raised to 21.6% (+443 bps yoy) as a result of efficiency improvements, despite raw materials price pression.

### Key financials evolution

| € - m                | FY19         | FY20        | H1-20        | H1-21        |
|----------------------|--------------|-------------|--------------|--------------|
| <b>Net Sales</b>     | <b>32.0</b>  | <b>32.4</b> | <b>15.3</b>  | <b>20.3</b>  |
| <i>Growth</i>        | 12.8%        | 1.0%        | <i>n.a.</i>  | 32.5%        |
| <b>EBITDA</b>        | <b>4.5</b>   | <b>6.2</b>  | <b>2.6</b>   | <b>4.4</b>   |
| <i>EBITDA Margin</i> | 14.1%        | 19.0%       | 17.2%        | 21.6%        |
| <b>Net Income</b>    | <b>2.1</b>   | <b>3.2</b>  | <b>1.3</b>   | <b>2.6</b>   |
| <b>FCF</b>           | <b>(5.4)</b> | <b>3.6</b>  | <b>(0.8)</b> | <b>2.8</b>   |
| <b>Capex</b>         | <b>3.9</b>   | <b>2.3</b>  | <b>1.0</b>   | <b>0.9</b>   |
| <i>% Sales</i>       | 12.1%        | 7.0%        | 6.4%         | 4.7%         |
| <b>NFP</b>           | <b>6.5</b>   | <b>1.9</b>  | <b>7.1</b>   | <b>(1.0)</b> |
| <i>% Change</i>      | (32.0%)      | (69.9%)     | 9.6%         | (152.2%)     |
| <b>NFP/EBITDA*</b>   | <b>1.4x</b>  | <b>0.3x</b> | <b>n.a.</b>  | <b>-0.1x</b> |
| <i>Net Gearing</i>   | 37.3%        | 9.2%        | 39%          | (4.4%)       |

\* NFP/EBITDA H1-21 was calculated taking account EBITDA LTM of €7.9m

Source : Company, Midcap

**Net Sales increased by 32.5% up to €20.3m** (vs. 15.3m in H1-20), mainly thanks to a renewed stability in the orders collection obtained from early 2021, and production returned at full capacity. Revenues were also driven by the new products introduced in the portfolio in May-21, namely *Speedyform* and *Speedyduo*, which completed the model Speedy, flagship of ILPRA group.

In terms of geography, revenues boost was mainly driven by a significant growth in the domestic market, up by 69.1% to €8.2m (vs. €4.8m in H1-20), thanks to the fact that Italian companies benefited from fiscal advantages relating to *Industry 4.0*. The latter gives right to a 50% tax credit, and additional +45% on the purchase cost of the machine, if the company has domicile in southern Italy.

**Industry 4.0** is a concept which incorporates digital connectivity within the physical world, more specifically by digitalising enterprises and their supply networks.

In this context, in Italy, the Ministry of Economic Development (MiSE) implemented a new strategic project ("Transizione 4.0") aimed at supporting companies that invest in integrating new technologies and creating new business models. The goal of this project is to promote the technological and digital transformation of Italian companies. The main benefactors from this initiative will be Italian SMEs, which are the core of the Italian productive fabric. The plans establish tax benefits for companies investing in three categories: Capital Goods, R&D, Formation.

#### Investments in Capital Goods

Benefit will be available until 31 December 2022 (30 June 2023, in case the seller accepts the order)

The benefits are the following:

- 40% tax credit on the purchase cost for investments up to €2.5 million in 2022;
- 20% for investments between €2,5 million and €10 million in 2022;
- 10% for investments from €10m up to €20m in 2022.

#### Investments R&D

The decree provides a 20% tax credit for investments of maximum €4 million. Benefit will be available until the tax period at 31 December 2022.

#### Formation



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The provision is aimed at supporting the development of technological expertise and skills, through advanced training to the staff.

The benefits are the following:

- 50% tax credit on expenses up to €300k for micro and small companies;
- 40% on expenses up to €250k for medium size companies;
- 30% on expenses up to €250k for big companies.

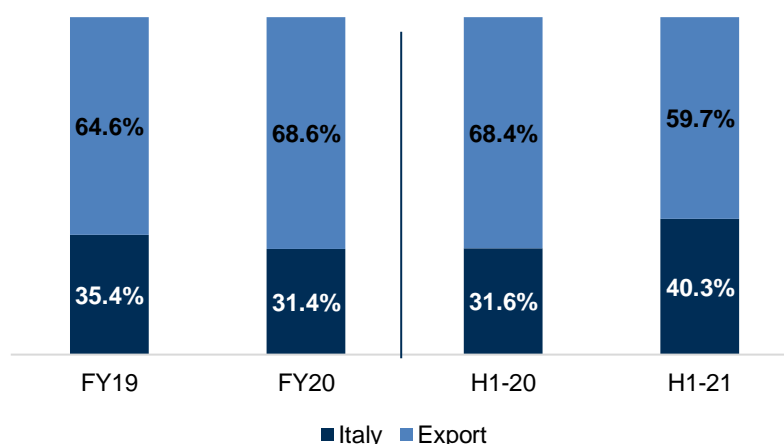
In the context of the Transition 4.0 plan, the government set a new tax benefit for the companies operating in southern Italy (“Bonus Sud”), willing to invest in new capital goods and R&D to enhance their technological development. The benefits consist in 45% tax credit on the investment (for small size), 35% (medium size) and 25% (Big).

Source : Mise.Gov, MareConsulting

Despite the relevant performance registered in the Italy, the driven force of the group remains the export which revenues stood at € 12.1m, accounting for 59.7% of total revenues in H1-21 (vs. 68.4% in H1-20).

The group is currently operating in Russia, India, UK, Hong Kong and UAE, through local subsidiaries, in charge of commercial development and distribution. The well spread global network, combined to the local knowledge and expertise, will enable the group to further enlarge its client pool and extend its geographical expansion.

### Revenues Evolution by Geography



Source : Company, Midcap

**EBITDA increased by 66.7% up to €4.4m** (vs. €2.6 in H1-20), on the back of an increased top line and higher production efficiency obtained following recurring investments in the prior periods to implement lean manufacturing and lean management models.

i

**Lean manufacturing** refers to a series of methods, tools and philosophies to relentlessly minimize waste, whilst maximising productivity. The concept was initially applied in the Toyota Production System (TPS), in which lean manufacturing was applied with the idea being to clearly highlight what adds value and removing what does not. The different types of waste implied are: *defects, overproduction, waiting, inefficient transportation and others.*

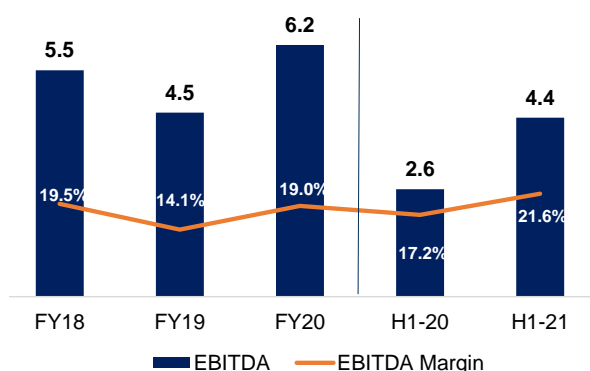
**Lean management** refers to the organisation method aimed at improving a company’s performance and, more specifically, the quality and profitability of its output. This method is applied to the managerial level and provides objectives in order to maximise the company’s output, rather than the production cycle solemnly. *Source : twi-global.com, manutan.com*

Despite the higher costs of raw materials, whose price is experiencing an upward trend in the last semester, costs of production increased less in proportion to revenues (+17% in the costs base vs +32% revenues), thanks to the above mentioned efficiency improvements. As a consequence, **EBITDA margins significantly raised by 443 bps to 21.6%** vs (17.2% in H1-20).





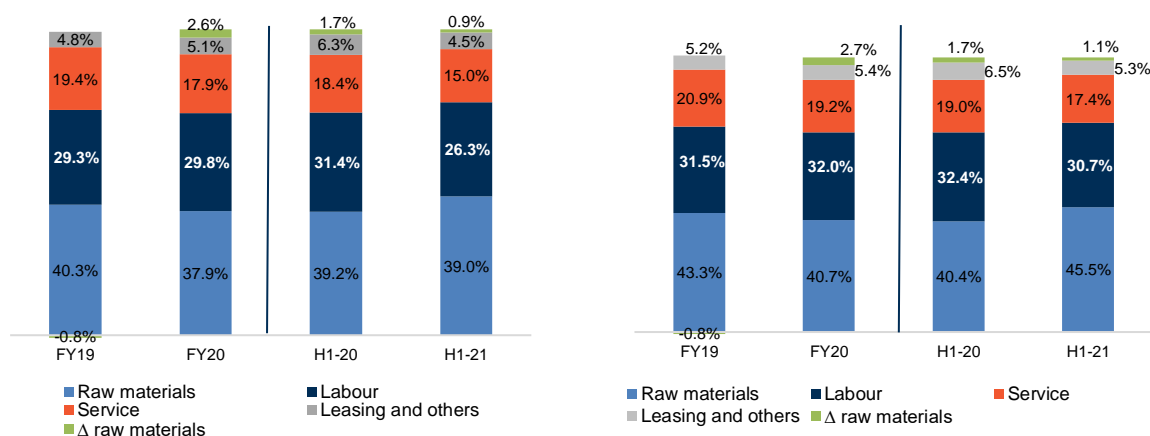
## Evolution of EBITDA (M€) and of EBITDA margin (%)



Source : Company, Midcap

**Raw material costs represent the largest expense for ILPRA Group.** While all the other operating costs are gradually lowering their incidence on sales, allowed by significant efficiency investments along the years, raw material costs (mainly aluminium and steel) are increasing their weight on total costs, leading to an incidence on net sales of 39% (vs. 37.9% in FY20 and 39.2% in H1-20). This is majorly explained by the spike in price of raw materials, which the global economy is experiencing especially from H1-20.

### Costs structure (right) and incidence on net sales (left)



Source : Company, Midcap

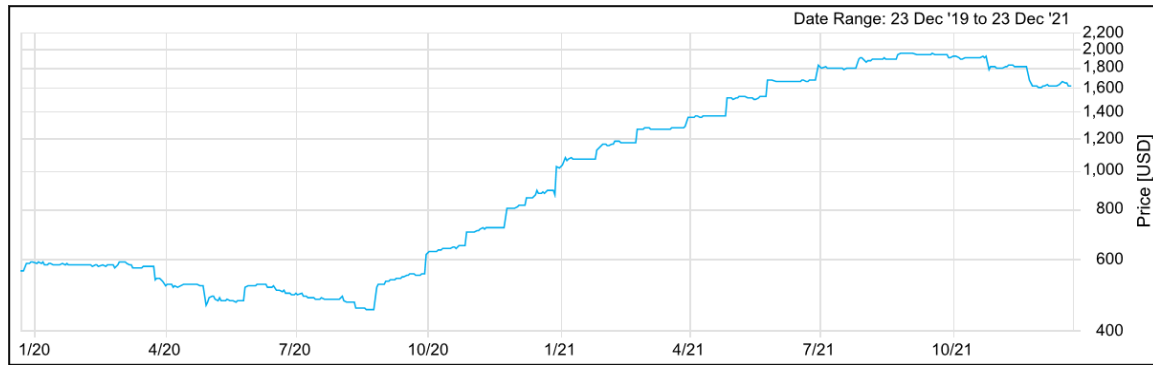
As evidence of the increase in raw materials price, we monitored the price trend of steel and aluminium, being the main source for the company. Steel price soared in the last two years, showing a +175% increase to 1,615 \$/st at Dec-21 (vs. 587 \$/st at Jan-20). It started a declining curve from end Oct-21, with a -15.5% trend, still leaving doubts on its evolution.

Aluminium price increased by 58.6% to 2,811 \$/mt at Dec-21 (vs 1,772 \$/mt at Jan-20). It also reported a downward trend from Oct-21, immediately overturned in Nov-21.

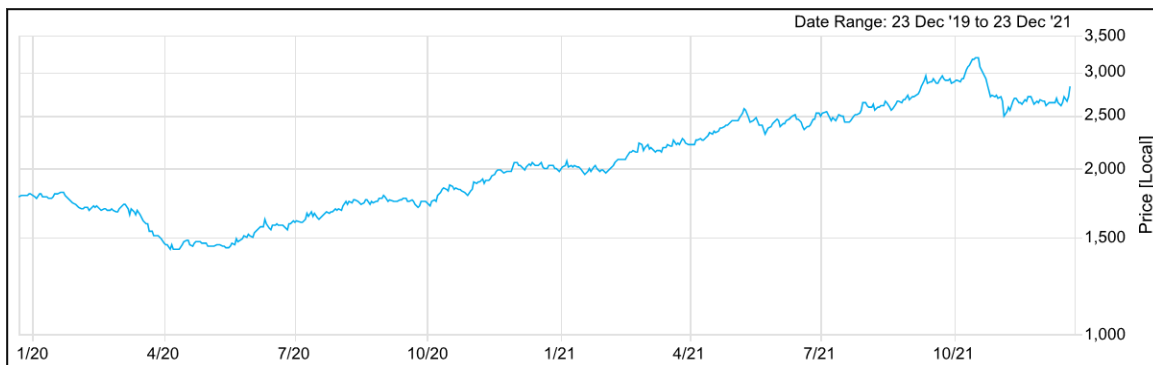
The direct impact of raw material price evolution on costs is confirmed by the strong correlation between the two trends (93% both in steel and aluminium price evolution vs ILPRA raw material costs), as displayed in the graph below.

Nevertheless, the group managed to maintain the price spike under control and increase their EBITDA margin, thanks to well in advance procurement and leveraging on the proportional reduction of the other operating costs.

## Evolution of Steel price (above), evolution of aluminium price (below)

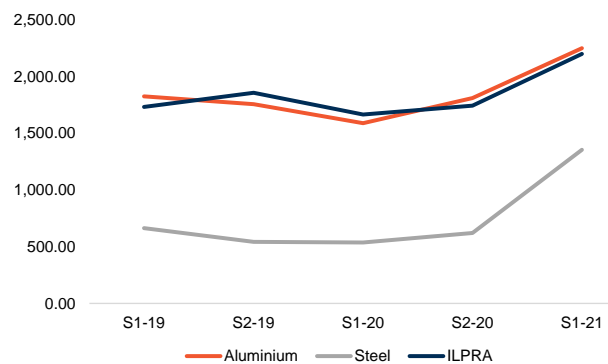


Source : Company, Facset



Source : Company, Facset

## ILPRA costs vs aluminium and Steel price evolution



Source : Company, Facset

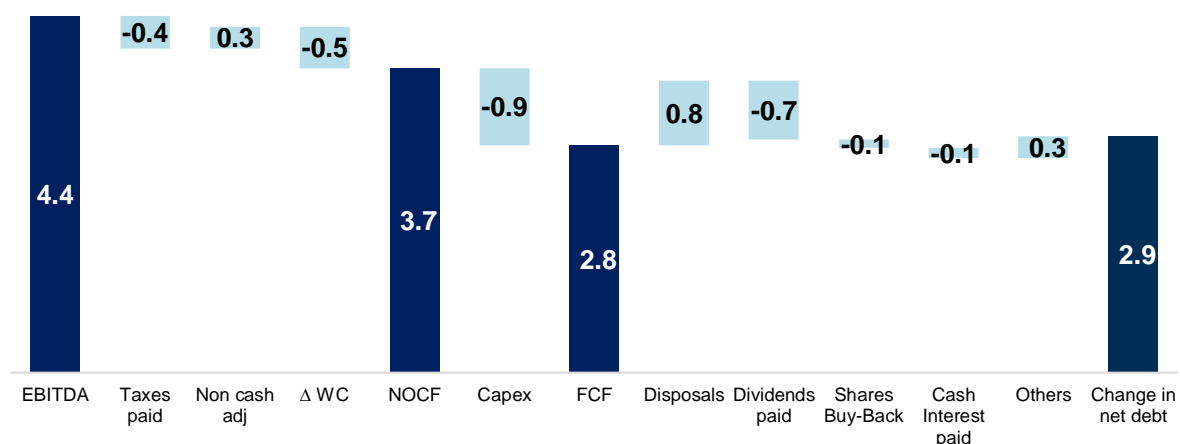
**EBIT stood at €3.4m** (vs. €1.7m in H1-20), in line with the increase in EBITDA and stable D&A of ca. €1m, based on the recurring investments in R&D (€2.3m in the last 3 years), to support the desired technological development.

**Net Income increased to €2.6m** (vs. €1.1m in H1-21), mainly thanks to an improved operating performance, stable interest expenses (€0.1m) and slightly higher tax burden (€0.7m vs. €0.3m in H1-20).

## IX. A cash machine

- Outstanding operating performance of the semester led to a comfortable cash generation, allowing to cover Capex and Dividends and obtain a positive cash position

### Change in Net Debt bridge (H1-21)



Source : Company, Midcap

ILPRA Group confirmed its strong cash generative profile, further enhanced by the positive operating performance reported in the period.

**NOCF (Net Operating Cash Flow) stood at €3.7m** (vs. €0.2m in H1-20) on the back of an improved top line and a substantially stable WC dynamics. WC evolution (-€0.5m) was mainly attributable to the increase in the operating activities, reflecting in (i) increase of trade receivables (-€0.8m), in line with boost in revenues (ii) higher inventories (-€0.3m), consistent with higher production levels and a higher raw material average price, partly compensated by (iii) higher trade payables (+€0.7m), corresponding to higher supply requirements.

NOCF was then mainly absorbed by:

- **Capex of €0.4m** (vs. €1m in H1-20), in line with the company investment strategy focused on R&D, aimed at developing new technologic production methods and a better quality product range.

In particular, the group implemented investments to update plants and machineries and equipment, in order to enhance energy efficiency and enlarge the range of products Industry 4.0 compliant (i.e. photovoltaic installations in Mortara plant).

- **Dividends of €0.7m**, with a pay-out ratio of ca. 27%
- **Shares buy-back of €0.1m**, as part of the programme started in May-21. According to the programme, the treasury shares purchased cannot exceed the 10% of total capital, and the maturity to purchase is set in Oct-22 (18 months after Apr-21). The buyback reached ca. €0.2m in Jan-22.

As a result of the above, the company was able to reach a **positive cash position of €1m** (vs. NFP of €1.9m at YE20).

**Gross debt decreased to €10.1m** (vs. €12.1m at YE20), mainly as effect of a good cash generating performance.

It was split as follows:

- **Bank debt for €9.3m (vs. €10.9m at YE20)**, referred to MLT financings for €5.7m and ST lines (incl. CPLTD) for €3.6m. It is worth noting that part of this debt includes guaranteed financing granted by Mediocredito Centrale, and two Simest financings, one worth €800k (o/w €320k as grant funding) for capitalisation purposes and one worth €42k (o/w €17k as grant funding) to support company internationalisation.

*Mediocredito Centrale is an Italian financial institution in charge of supporting the Italian economic development. It strongly operated to support Italian companies during the Covid crisis, through guaranteed financings.*

*Simest is indeed the company of Cassa Depositi e Prestiti Group, in charge of supporting the company operating in exports, throughout their cycle of expansion abroad through direct investments.*

- **Other financial debt for €0.8m (vs. €1.2m at YE20)**, referring to bill of exchange (€90k) issued to purchase machineries and equipment, and other debt for €0.7m, referred to other tax payables overdue and now interest bearing.

Company liquidity is well under control, also supported by the significant cash generating performance of the semester, giving further comfort to their debt repayment capacity and their refinancing risk.

## X. 4 pillars to accelerate

As a technology company, ILPRA is willing to invest in innovative solutions, in order to be always up to date and be competitive on the market. Thanks to its already established know-how and widespread distribution network, it has a strong growth potential, both organically and through M&A

The company outlined 4 main growth strategy pillars:

- **Innovation:** ILPRA always focused on R&D investments (€2.3m in the last 3 years), in order to enhance their technological know-how and guarantee innovative products to their customer base. New technology investments are guided by the new Industry 4.0 requirements, aimed at digitalising enterprises and their supply networks. In this context, ILPRA is benefitting from the new project implemented by the Italian Ministry of Economic development (MiSE), which establish significant (up to 50%) tax benefits for the Italian SMEs investing in capital goods, R&D, formation. We are therefore expecting the company to maintain a Capex of 3% of the sales on R&D investments, as well as a 3% of sales to investments in maintenance and introduction of new machinery.

As further evidence of the above, the company just launched on the market two brand new products of the line Speedy (Speedyform and Speedyduo), fully Industry 4.0 compliant.

- **Sustainability:** The growing importance of the sustainability in the production processes, pressure the company to invest in new renewable sources and low impact production methods. As a result, ILPRA began a significant conversion of its own plants and machineries in order to drastically reduce the energy consumption and environmental impact. It is currently developing, in the production plant in Mortara, brushless engines, photovoltaic systems, which are covering ca. 50% of the plant energetic needs. This way the company was able to avoid its emissions of ca. 200 Tons of CO2 in 2020.

As additional evidence of its commitment on sustainability, waste derived from production is reutilised, in particular 86% of the plastic is recovered. Furthermore, ILPRA does not generate any air emissions and it does not dump any polluting production-derived materials at water or soil.

- **Efficiency:** The company is highly attentive to increase the company efficiency, both in terms of production and management. In line with this, it is investing in Lean Manufacturing and Lean Management methods, in order to enhance productivity, and boost company's results.

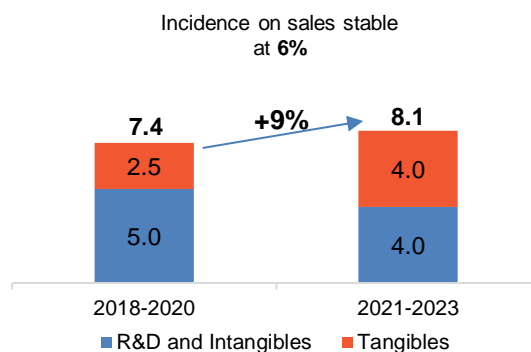


- **Internationalization:** The company is already well established abroad, with a widespread network of suppliers and distributors, with head offices in 6 different countries (Italy, UK, Russia, Hong Kong, Dubai and India). The company is well utilizing its international network to enhance sales abroad, currently representing the main revenues source for the group (59.7% export revenues, 40.3% Italy in H1-21). The company know-how and the solidity of its network, make as believe that the company will further enhance the export weight on total sales, through new acquisitions and new branches opening, leading to expected export revenues CAGR 20-25 of 8.9%.

It is worth highlighting that **the Group is constantly monitoring possible acquisitions** both in the domestic and foreign markets. The suitable targets would be companies operating in the same value chain, providing a complementary service to the one of ILPRA such as end-line producers, filling machines producers (e.g. Tecnofluss, Immea, Sacmi, W.in.dos, Robotek). This way the Group would enhance its vertical integration and generate valuable synergies. It would also strengthen its bargaining power towards clients and improve margins, being able to offer an entire line.

As an additional positive note, the company reached excellent results with **a production capacity still not at saturation levels (ca. 75-80% of total capacity)**. Therefore we deem that the company would be able to grow without other further investments, only hiring new staff and increasing its production capacity.

### Capex plan 2021-2023



Source : Company, Midcap

## XI. Estimates 2021-2025

### Revenue growth: CAGR<sub>2020-25</sub> of 9.6%

Notwithstanding the difficulties related to Covid-19 restrictions, which affected 2020, H1-21 showed an important recovery both in terms of production and order collected. A newfound full production capacity and significant orders backlog, allowing to increase assured production, make the sector operators believe in a positive outlook in the medium term.

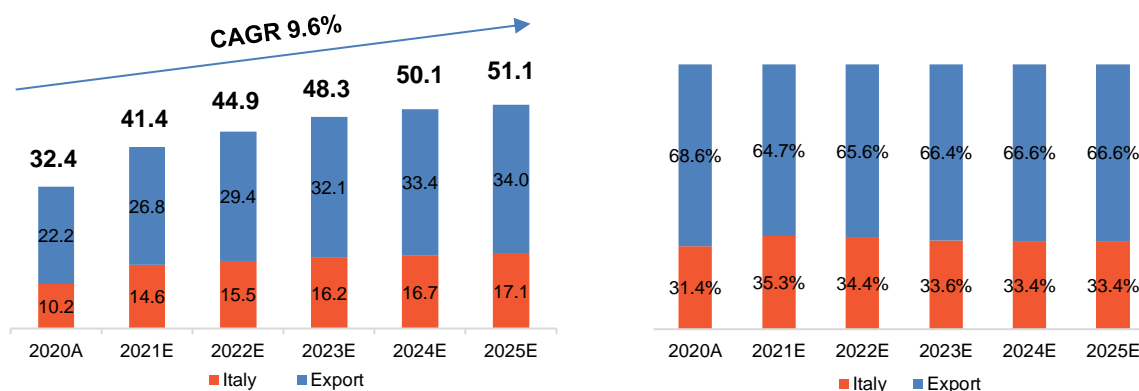
In terms of geography, exports are still expected to be the main revenues driver, thanks to the desired international expansion. **Export revenues** are therefore expected to **grow at 8.9% CAGR 2020-2025 to €34m** in 2025 (vs. €22.2m in FY20), leading their weights on sales to stabilize at 66.6% in 2025.

**Domestic market** is also experiencing an important growth trend, mainly thanks to the tax incentives set by the Italian government to boost technology investments. Therefore we are expecting a 43.3% revenues increase to €14.6m in 2021 (vs. €10.2m 2020), **leading to €17.1m in 2025 at CAGR 2020-2025 of 10.9%**. The domestic revenues growing trend is expected to normalize from 2023, leading to a CAGR 2021-2025 at 4.0%, lower than exports at 6.2%



As a result, we are therefore expecting total group revenues to increase to **€41.4 in FY21**, reaching **€51.1m in 2025** (vs. 32.4m in FY20), at a **CAGR 2020-2025 of 9.6%**.

### Revenue estimates 2020A-2025E (M€)



Source : Company, Midcap

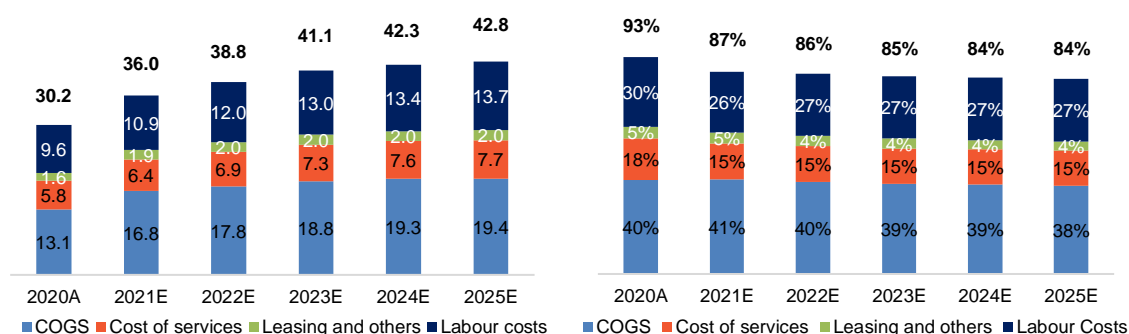
### Lean methods enhancing cost efficiency

The company is focused on maximising efficiency. It is implementing lean methods in order to reduce production redundancy, select value added managers and employees, and finally achieve a cost base reduction.

Therefore we are expecting the **cost incidence of net sales** to gradually reduce to **84% in 2025** (from 93% in 2020). Regarding the single cost items, **in 2025** we are expecting **labour costs to reduce their incidence to 27%** (vs. 30% in FY20); **cost of service to 15%** (vs. 18% in FY20); **Leasing and other to 4%** (vs. 5% in FY20) and **COGS to 38%** (vs. 40% in FY20 and 41% in FY21). The latter, mainly including cost of raw materials, is particularly influenced by their price trend. Since beginning 2020, raw material price is dizzily increasing, further confirmed by a +175% increase in steel price at Dec-21 (vs. Jan-20) and a +58.6% in aluminium price in the same time frame. The two represent the main raw materials for the group. That explains why we are estimating a growing incidence of COGS in 2021 (40.7% vs. 40.5% in FY20).

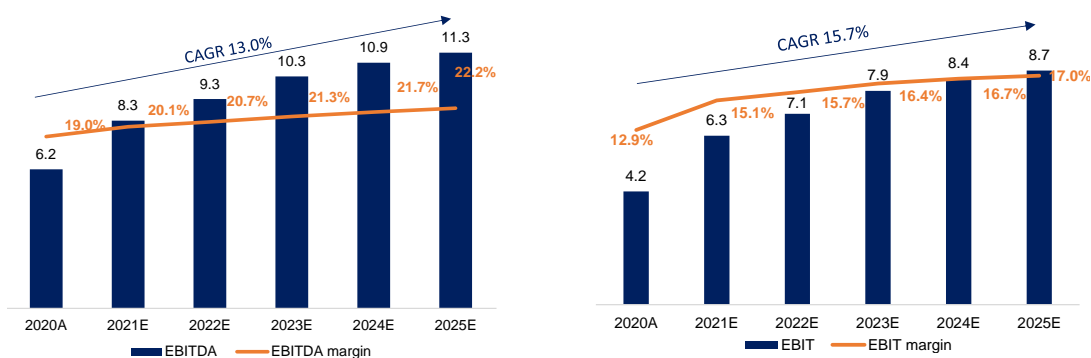
Raw material price pressure is not expected to severely impact margins, as confirmed by EBITDA H1-21 at 21.6%, +443bps increase compared to EBITDA H1-20. Higher sales and efficiency improvement are expected to well offset the pression on raw materials. Furthermore, the company got raw materials procurement well in advance, reducing the price impact. Therefore we estimated EBITDA of €8.3m in FY21 (vs. €6.2m in FY20), to growth at a 13% CAGR to reach €11.3m in 2025.

### Costs estimates in M€ and incidence % on net sales between 2020A and 2025E.



Source : Company, Midcap

## EBITDA and EBIT estimates between 2020A and 2025E.



Source : Company, Midcap

In line with an increase in EBITDA and a substantially stable D&A consistent with the Capex plan, we are expecting **EBIT to increase to €6.3m in FY21** (vs. €4.2m in FY20), and to reach €8.7m in 2025. Following substantially stable interest expenses and tax burden, we estimates **Net income to reach €4.6m in FY21** (vs. 3.2m in FY20) and to reach €6.5m in 2025.

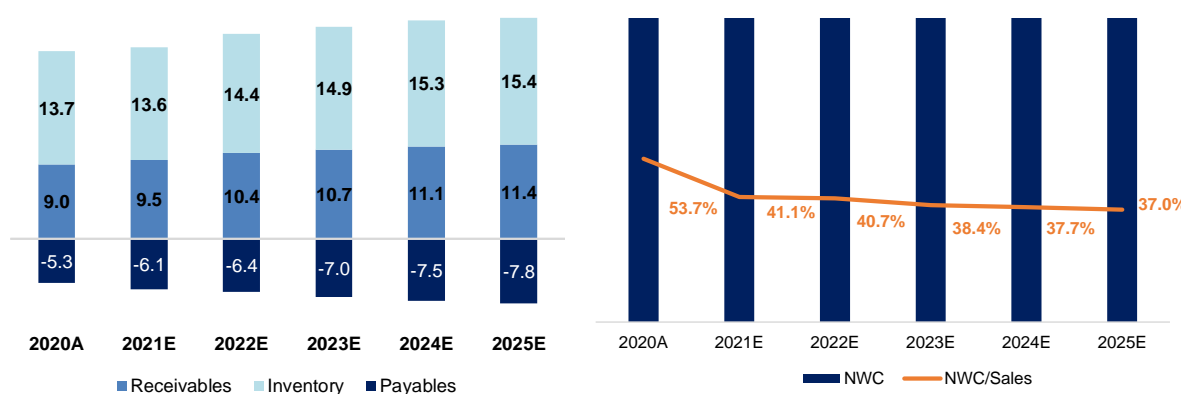
### Working capital efficiency

WC is a crucial aspect in the packaging machinery sector, and ILPRA is constantly monitoring its evolution, also applying lean methods, to guarantee its well management.

We therefore expect a positive impact already from 2021. We expect DSO to reduce to 83 days in FY21 thanks to the improved collection time, until 80 days to 2025. Lean methods are fully offsetting the raise in raw materials prices, we therefore expect DIO to reduce to 290 days in 2021, and gradually stabilize to 285 days in 2025. Cash generative profile allows the company to quickly repay its suppliers, we then expect DPO to reduce to 130 days and regularly increase to 135 days in 2025.

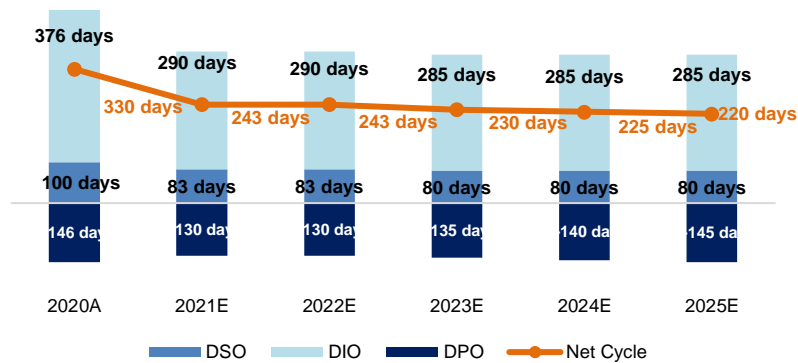
**Thanks to efficiencies investments the company is implementing, we expect net cycle to gradually reduce to 243 days in FY21 and reach 220 days in 2025 (from 330 days in FY20).**

### Working capital estimates (M€)



Source : Company, Midcap

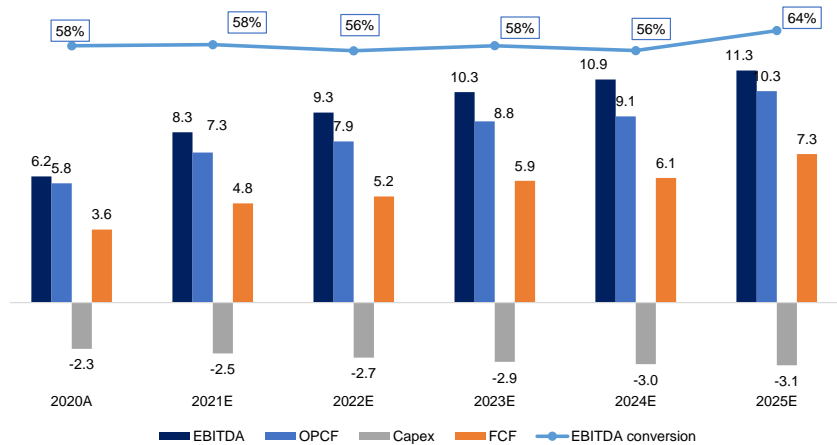




Source : Company, Midcap

Expected positive operational performance, driven by international expansion and introduction of new products, together with important achieved efficiencies, will lead to long term cash generation. We expect cash generated to be enough to finance planned Capex and pay dividends. As a result, we expect **FCF to reach €7.3m in 2025 (vs. €3.6m in FY20), and a EBITDA conversion rate at 64% (vs. 58% in FY20).**

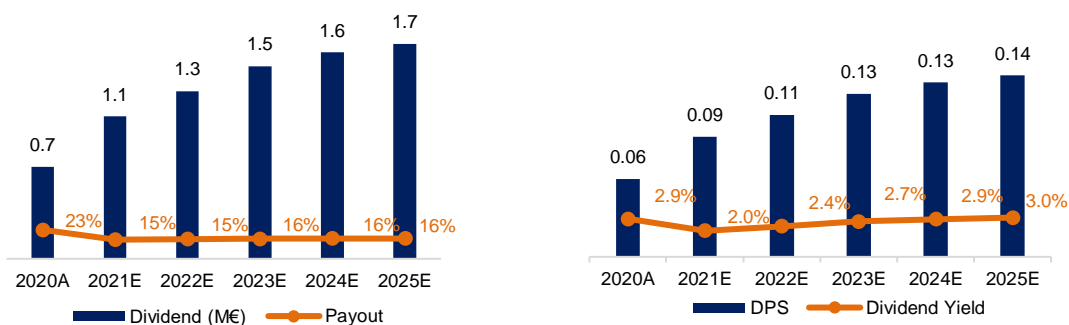
### FCF and EBITDA conversion estimates (M€ - %)



Source : Company, Midcap

Positive cash generation, in addition to cash in hands (€10m in FY20 expected to growth to €20m in FY25) will allow the distribution of dividends, with a pay-out ratio between 15 and 20%.

### Dividends estimates (2020A-2025E)



Source : Company, Midcap



## XII. Valuation shows strong potential

### Valuation methodology

We are initiating our coverage of ILPRA with a **Buy rating and a target price of €5.6/share (33.6% upside potential)** calculated using both a DCF and a multiples trading approaches. To determine the intrinsic value we pondered the two methods, giving a coefficient of 50% to DCF and 50% to the multiples.

The company is currently trading with a significant discount compared to peers. It trades at EV/Sales 2021E of 1.3x (-36% vs peer average), EV/EBITDA 2021E of 6.4x (-61% vs. peer average), EV/EBIT 2021E of 8.4x (-70% vs. peer average), P/E of 11.1x (-74% vs. peer average). This result is mainly due to the difference in size compared to peers, but it still reflects high growth potential.

**At our price target of €5.6, ILPRA would trade at EV/Sales 2021E of 1.7x, EV/EBITDA 2021E of 8.3x, EV/EBIT 2021E of 11.1x and P/E of 14.7x, still with an important discount (-48% on average).**

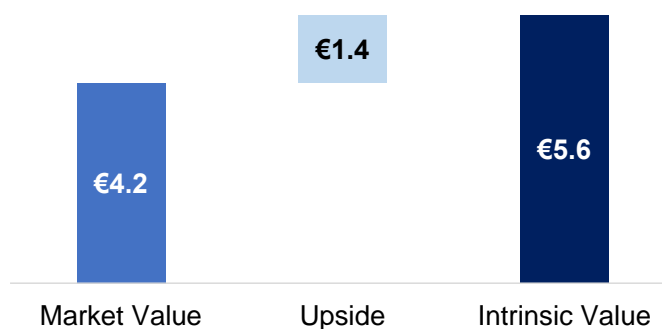
We therefore believe that ILPRA's valuation is very attractive, and we set our Buy recommendation.

### Valuation summary

| Method              | FV 2021E     | Coefficient | Implied multiples @target |       |       |       |       |       |
|---------------------|--------------|-------------|---------------------------|-------|-------|-------|-------|-------|
|                     |              |             | 2021E                     | 2022E | 2023E | 2024E | 2025E |       |
| DCF                 | 5.4          | 50.0%       |                           |       |       |       |       |       |
| Multiples           | 5.8          | 50.0%       | EV/Sales                  | 1.7x  | 1.5x  | 1.4x  | 1.4x  | 1.4x  |
| <b>Target Price</b> | <b>5.6</b>   |             | EV/EBITDA                 | 8.3x  | 7.5x  | 6.7x  | 6.4x  | 6.1x  |
| <b>Upside</b>       | <b>33.6%</b> |             | EV/EBIT                   | 11.1x | 9.8x  | 8.7x  | 8.3x  | 8.0x  |
|                     |              |             | P/E                       | 14.7x | 12.8x | 11.4x | 10.8x | 10.4x |

Source : Facset, Midcap

### Market Value vs Intrinsic Value



Source : Facset, Midcap

## Discounted Cash-Flow methodology

For this approach, we make the following assumptions:

### Normative flows

A normative EBITDA margin of 23% by 2030E

Stable capital expenditure (Capex) at 6.0% of sales

Stable WC at 36.0% of sales

Modelling of corporate income tax in line with the Italian rate of 27.9%.

### Discount rate

- A risk-free rate of 1.91% (BTP 10 years)
- A market risk premium of 6.0%
- A re-levered beta of 0.94x including 100% equity financing
- A size, liquidity, and specific risk premium of 2.0%
- A cost of debt of 1.37%.
- A long-term growth rate of 1.5%.
- A WACC of 9.6%.

### Discounted Cash Flow : Flows table

| FY ending in Dec (€-M) | 2022E       | 2023E       | 2024E       | 2025E       | 2026E       | 2027E       | 2028E       | 2029E       | 2030E       |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Sales</b>           | <b>44.9</b> | <b>48.3</b> | <b>50.1</b> | <b>51.1</b> | <b>52.1</b> | <b>53.0</b> | <b>53.9</b> | <b>54.7</b> | <b>55.6</b> |
| % var                  | 8.6%        | 7.6%        | 3.7%        | 2.0%        | 1.9%        | 1.8%        | 1.7%        | 1.6%        | 1.5%        |
| EBITDA                 | 9.3         | 10.3        | 10.9        | 11.3        | 12.0        | 12.2        | 12.4        | 12.6        | 12.8        |
| % var                  | 11.5%       | 10.8%       | 6.0%        | 4.0%        | 5.7%        | 1.8%        | 1.7%        | 1.6%        | 1.5%        |
| % Sales                | 20.7%       | 21.3%       | 21.7%       | 22.2%       | 23.0%       | 23.0%       | 23.0%       | 23.0%       | 23.0%       |
| D&A                    | (2.2)       | (2.3)       | (2.5)       | (2.6)       | (2.7)       | (2.7)       | (2.8)       | (2.8)       | (2.9)       |
| % Sales                | (4.9%)      | (4.9%)      | (5.0%)      | (5.2%)      | (5.2%)      | (5.2%)      | (5.2%)      | (5.2%)      | (5.2%)      |
| EBIT                   | 7.1         | 7.9         | 8.4         | 8.7         | 9.3         | 9.4         | 9.6         | 9.8         | 9.9         |
| % Sales                | 15.8%       | 16.4%       | 16.8%       | 17.0%       | 17.8%       | 17.8%       | 17.8%       | 17.8%       | 17.8%       |
| Taxes                  | (1.7)       | (1.9)       | (2.0)       | (2.1)       | (2.6)       | (2.6)       | (2.7)       | (2.7)       | (2.8)       |
| Taxes rate             | 23.7%       | 23.7%       | 23.7%       | 23.7%       | 27.9%       | 27.9%       | 27.9%       | 27.9%       | 27.9%       |
| D&A                    | (2.2)       | (2.3)       | (2.5)       | (2.6)       | (2.7)       | (2.7)       | (2.8)       | (2.8)       | (2.9)       |
| CAPEX                  | (2.7)       | (2.9)       | (3.0)       | (3.1)       | (3.1)       | (3.2)       | (3.2)       | (3.3)       | (3.3)       |
| % Sales                | (6.0%)      | (6.0%)      | (6.0%)      | (6.0%)      | (6.0%)      | (6.0%)      | (6.0%)      | (6.0%)      | (6.0%)      |
| WC                     | 13.3        | 12.9        | 12.7        | 12.7        | 18.7        | 19.1        | 19.4        | 19.7        | 20.0        |
| var.                   | (1.8%)      | (3.1%)      | (1.2%)      | (0.1%)      | 47.5%       | 1.8%        | 1.7%        | 1.6%        | 1.5%        |
| % Sales                | 29.6%       | 26.6%       | 25.4%       | 24.9%       | 36.0%       | 36.0%       | 36.0%       | 36.0%       | 36.0%       |
| Δ WC                   | (0.2)       | (0.4)       | (0.2)       | (0.0)       | 6.0         | 0.3         | 0.3         | 0.3         | 0.3         |
| % Sales                | (0.5%)      | (0.9%)      | (0.3%)      | (0.0%)      | 11.6%       | 0.6%        | 0.6%        | 0.6%        | 0.5%        |
| <b>FCF</b>             | <b>5.1</b>  | <b>5.9</b>  | <b>6.1</b>  | <b>6.2</b>  | <b>0.2</b>  | <b>6.0</b>  | <b>6.2</b>  | <b>6.3</b>  | <b>6.4</b>  |
| <b>Discounted FCF</b>  | <b>4.7</b>  | <b>4.9</b>  | <b>4.6</b>  | <b>4.3</b>  | <b>0.1</b>  | <b>3.5</b>  | <b>3.3</b>  | <b>3.0</b>  | <b>2.8</b>  |

Source : Company, Midcap

## Discounted Cash Flow

|                             |             |
|-----------------------------|-------------|
| Sum of discounted FCF       | 31.2        |
| Discounted TV               | 35.3        |
| <b>Enterprise Value</b>     | <b>66.6</b> |
| Net Debt                    | -1.8        |
| Provisions                  | 0.2         |
| Minoritaires                | 3.7         |
| <b>Equity Value</b>         | <b>64.4</b> |
| Diluted NoSHm               | 12.0        |
| <b>Valuation/Share</b>      | <b>5.4</b>  |
| Potential upside (downside) | 28.0%       |

Source : Company, Midcap

## Sensitivity Analysis – Equity Value (€)

|     | WACC |      |            |       |       |
|-----|------|------|------------|-------|-------|
|     | 8.6% | 9.1% | 9.6%       | 10.1% | 10.6% |
| TGR | 5.91 | 5.51 | 5.17       | 4.86  | 4.58  |
|     | 6.03 | 5.62 | 5.26       | 4.94  | 4.65  |
|     | 6.16 | 5.73 | <b>5.4</b> | 5.02  | 4.72  |
|     | 6.31 | 5.85 | 5.45       | 5.10  | 4.79  |
|     | 6.63 | 6.12 | 5.68       | 5.29  | 4.96  |

Source : Company, Midcap

According to the DCF method, **the enterprise value (EV) amounts to €66.6m and an equity value of €64.4m, or 5.4€ per share (12.0 diluted NoSHm).**

## Market peer method

The peer sample is heterogeneous, with differences in size, margins, growth, and leverage. Since we noticed that the majority of ILPRA's direct competitors are not publicly traded, we decided to pick public companies, which are on average significantly bigger both in size and trading volumes, but apply a 40% discount factor.

## Multiples of listed comparables

| Company Name    | Ticker | Country | Market Value |       | EV/Sales         |                  |                  | EV/EBITDA       |                 |                 | EV/EBIT         |                 |                 | P/E              |                 |                 |
|-----------------|--------|---------|--------------|-------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|
|                 |        |         | Equity       | EV    | Dec-21           | Dec-22           | Dec-23           | Dec-21          | Dec-22          | Dec-23          | Dec-21          | Dec-22          | Dec-23          | Dec-21           | Dec-22          | Dec-23          |
| <b>ITALY</b>    |        |         |              |       |                  |                  |                  |                 |                 |                 |                 |                 |                 |                  |                 |                 |
| Osai            | OSA-IT | Italy   | 73           | 85    | 2.58x            | 1.76x            | 1.51x            | 21.32x          | 12.89x          | 10.12x          | 45.36x          | 21.64x          | 14.75x          | 93.09x           | 30.21x          | 20.44x          |
| Gea Group AG    | G1A-DE | German  | 7,456        | 7,166 | 1.77x            | 1.40x            | 1.34x            | 13.40x          | 10.35x          | 9.66x           | 19.39x          | 14.35x          | 13.22x          | 23.25x           | 20.57x          | 18.60x          |
| JBT Corporation | JBT-US | US      | 3,664        | 4,216 | 2.91x            | 2.29x            | 2.17x            | 20.96x          | 15.47x          | 13.63x          | 29.88x          | 20.20x          | 17.61x          | 31.33x           | 23.94x          | 21.26x          |
| Krones AG       | KRN-DE | German  | 2,805        | 2,522 | 0.76x            | 0.63x            | 0.59x            | 9.36x           | 6.74x           | 5.67x           | 18.10x          | 11.09x          | 8.46x           | 24.79x           | 17.27x          | 13.25x          |
| <b>Average</b>  |        |         |              |       | <b>2.01x</b>     | <b>1.52x</b>     | <b>1.40x</b>     | <b>16.3x</b>    | <b>11.4x</b>    | <b>9.8x</b>     | <b>28.2x</b>    | <b>16.8x</b>    | <b>13.5x</b>    | <b>43.1x</b>     | <b>23.0x</b>    | <b>18.4x</b>    |
| ILPRA           | ILP-IT |         | 51           | 53    | 1.28x<br>(36.2%) | 1.18x<br>(22.5%) | 1.10x<br>(21.9%) | 6.4x<br>(60.9%) | 5.7x<br>(49.8%) | 5.2x<br>(47.3%) | 8.4x<br>(70.1%) | 7.5x<br>(55.6%) | 6.7x<br>(50.6%) | 11.1x<br>(74.3%) | 9.7x<br>(57.9%) | 8.6x<br>(53.1%) |

Source : Factset, Midcap

## Peers valuation

| EV/EBITDA                  | Dec-21      | Dec-22       | Dec-23      |
|----------------------------|-------------|--------------|-------------|
| EBITDA (ILPRA)             | 8.3         | 9.3          | 10.3        |
| Multiple                   | 16.3x       | 11.4x        | 9.8x        |
| Discounted multiple @40%   | 9.8x        | 6.8x         | 5.9x        |
| <b>EV</b>                  | <b>81.2</b> | <b>63.2</b>  | <b>60.3</b> |
| +/- equity bridge          | (2.1)       | 0.6          | 4.0         |
| <b>Equity value</b>        | <b>79.0</b> | <b>63.9</b>  | <b>64.2</b> |
| Diluted NoShm              | 12.0        | 12.0         | 12.0        |
| <b>Price/share</b>         | <b>6.56</b> | <b>5.31</b>  | <b>5.33</b> |
| <b>Average Price/share</b> |             | <b>5.73</b>  |             |
| <b>% upside/downside</b>   |             | <b>37.2%</b> |             |

| EV/EBIT                    | Dec-21       | Dec-22       | Dec-23      |
|----------------------------|--------------|--------------|-------------|
| EBIT (ILPRA)               | 6.3          | 7.1          | 7.9         |
| Multiple                   | 28.2x        | 16.8x        | 13.5x       |
| Discounted multiple @40%   | 16.9x        | 10.1x        | 8.1x        |
| <b>EV</b>                  | <b>105.8</b> | <b>71.3</b>  | <b>64.2</b> |
| +/- equity bridge          | (2.1)        | 0.6          | 4.0         |
| <b>Equity value</b>        | <b>103.7</b> | <b>71.9</b>  | <b>68.1</b> |
| Diluted NoShm              | 12.0         | 12.0         | 12.0        |
| <b>Price/share</b>         | <b>8.61</b>  | <b>5.98</b>  | <b>5.66</b> |
| <b>Average Price/share</b> |              | <b>6.75</b>  |             |
| <b>% upside/downside</b>   |              | <b>61.5%</b> |             |

| EV/Sales                   | Dec-21      | Dec-22         | Dec-23      |
|----------------------------|-------------|----------------|-------------|
| Sales (ILPRA)              | 41.4        | 44.9           | 48.3        |
| Multiple                   | 2.0x        | 1.5x           | 1.4x        |
| Discounted multiple @40%   | 1.2x        | 0.9x           | 0.8x        |
| <b>EV</b>                  | <b>49.8</b> | <b>41.0</b>    | <b>40.7</b> |
| +/- equity bridge          | (2.1)       | 0.6            | 4.0         |
| <b>Equity value</b>        | <b>47.6</b> | <b>41.6</b>    | <b>44.6</b> |
| Diluted NoShm              | 12.0        | 12.0           | 12.0        |
| <b>Price/share</b>         | <b>3.96</b> | <b>3.45</b>    | <b>3.71</b> |
| <b>Average Price/share</b> |             | <b>3.71</b>    |             |
| <b>% upside/downside</b>   |             | <b>(91.0%)</b> |             |

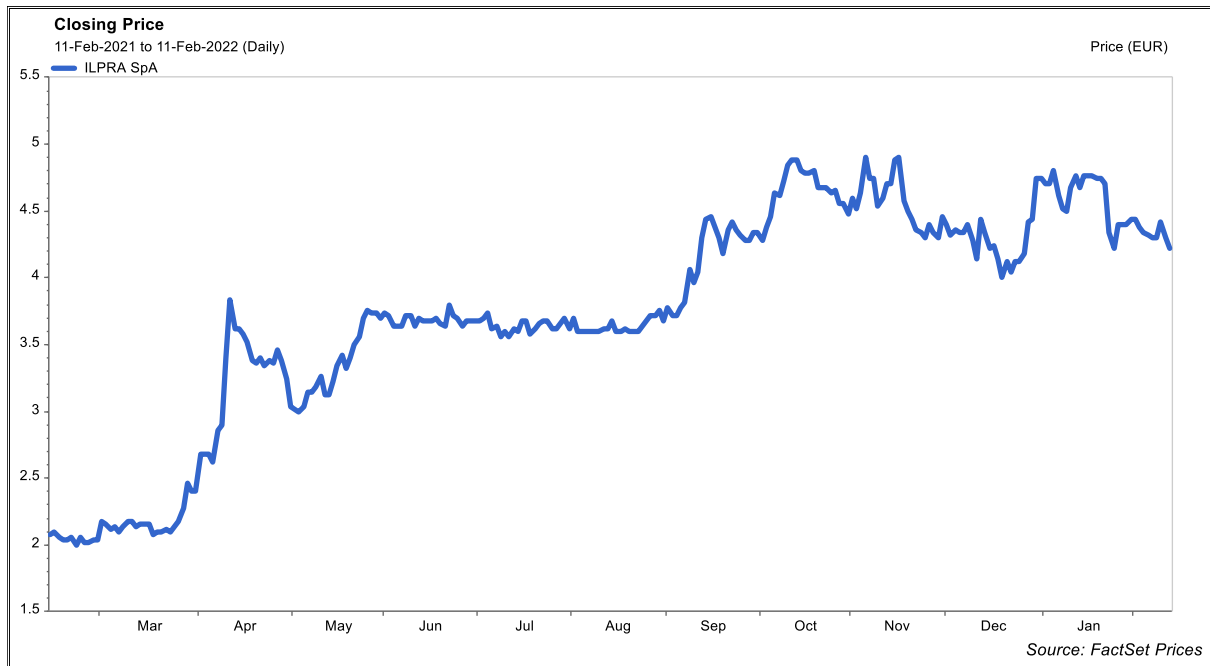
| P/E                        | Dec-21       | Dec-22       | Dec-23      |
|----------------------------|--------------|--------------|-------------|
| Earning (ILPRA)            | 4.6          | 5.2          | 5.9         |
| Multiple                   | 43.1x        | 23.0x        | 18.4x       |
| Discounted multiple @40%   | 25.9x        | 13.8x        | 11.0x       |
| <b>Equity Value</b>        | <b>118.5</b> | <b>72.4</b>  | <b>65.0</b> |
| Diluted NoShm              | 12.0         | 12.0         | 12.0        |
| <b>Price/share</b>         | <b>9.84</b>  | <b>6.01</b>  | <b>5.40</b> |
| <b>Average Price/Share</b> |              | <b>7.09</b>  |             |
| <b>% upside/downside</b>   |              | <b>69.5%</b> |             |

| Average Multiples |              |
|-------------------|--------------|
| EV/Sales          | 3.71         |
| EV/EBITDA         | 5.73         |
| EV/EBIT           | 6.75         |
| P/E               | 7.09         |
| <b>Average</b>    | <b>5.82</b>  |
| <b>Upside</b>     | <b>39.2%</b> |

Source : Factset, Midcap

Considering the average multiples of EV/Sales, EV/EBITDA, EV/EBIT and P/E over the years 2021, 2022 and 2023, with a conservative discount of 40%, we obtain a **relative valuation of €5.82, which implies a potential upside of 39.2% on the current price (€4.2).**

### XIII. Share Price



## XIV. Financials (1/2)

| <b>Income Statement (€M)</b>                            | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021e</b> | <b>2022e</b> | <b>2023e</b> | <b>2024e</b> | <b>2025e</b> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Net Sales</b>  | <b>28.4</b>  | <b>32.0</b>  | <b>32.4</b>  | <b>41.4</b>  | <b>44.9</b>  | <b>48.3</b>  | <b>50.1</b>  | <b>51.1</b>  |
| <i>Growth</i>   | <i>n.a</i>   | <i>12.8%</i> | <i>1.0%</i>  | <i>27.7%</i> | <i>8.6%</i>  | <i>7.6%</i>  | <i>3.7%</i>  | <i>2.0%</i>  |
| <i>Other revenues</i>                                   | 0.8          | 0.9          | 1.1          | 1.8          | 1.1          | 1.1          | 1.1          | 1.1          |
| <i>Change in WIP</i>                                    | 1.4          | 0.4          | 2.1          | 0.7          | 1.4          | 1.4          | 1.4          | 1.4          |
| <i>Capitalised costs</i>                                | 0.8          | 1.1          | 0.8          | 0.5          | 0.6          | 0.5          | 0.6          | 0.6          |
| <b>VoP</b>  | <b>31.5</b>  | <b>34.4</b>  | <b>36.3</b>  | <b>44.4</b>  | <b>48.0</b>  | <b>51.4</b>  | <b>53.2</b>  | <b>54.2</b>  |
| <i>Change in raw materials</i>                          | 0.2          | 0.2          | (0.8)        | (0.4)        | 0.1          | 0.3          | 0.2          | 0.3          |
| <i>Raw Materials</i>                                    | (11.4)       | (12.9)       | (12.3)       | (16.5)       | (18.0)       | (19.1)       | (19.5)       | (19.7)       |
| <i>Labour costs</i>                                     | (8.0)        | (9.4)        | (9.6)        | (10.9)       | (12.0)       | (13.0)       | (13.4)       | (13.7)       |
| <i>Cost of Services</i>                                 | (5.5)        | (6.2)        | (5.8)        | (6.4)        | (6.9)        | (7.3)        | (7.6)        | (7.7)        |
| <b>EBITDA</b>   | <b>5.5</b>   | <b>4.5</b>   | <b>6.2</b>   | <b>8.3</b>   | <b>9.3</b>   | <b>10.3</b>  | <b>10.9</b>  | <b>11.3</b>  |
| <i>% of Sales</i>                                       | <i>19.5%</i> | <i>14.1%</i> | <i>19.0%</i> | <i>20.1%</i> | <i>20.7%</i> | <i>21.3%</i> | <i>21.7%</i> | <i>22.2%</i> |
| <i>Net depreciation, amortization and provisions</i>    | (1.3)        | (1.8)        | (2.0)        | (2.0)        | (2.2)        | (2.3)        | (2.5)        | (2.6)        |
| <b>EBIT</b>   | <b>4.2</b>   | <b>2.7</b>   | <b>4.2</b>   | <b>6.3</b>   | <b>7.1</b>   | <b>7.9</b>   | <b>8.4</b>   | <b>8.7</b>   |
| <i>% of Sales</i>                                       | <i>14.8%</i> | <i>8.5%</i>  | <i>12.9%</i> | <i>15.1%</i> | <i>15.7%</i> | <i>16.4%</i> | <i>16.7%</i> | <i>17.0%</i> |
| <i>Net financial income</i>                             | (0.4)        | (0.3)        | (0.2)        | (0.3)        | (0.2)        | (0.2)        | (0.2)        | (0.2)        |
| <i>Non-recurring income</i>                             | (1.0)        | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <i>Income Tax</i>                                       | (0.9)        | (0.3)        | (0.8)        | (1.4)        | (1.6)        | (1.8)        | (1.9)        | (2.0)        |
| <i>Corporation tax rate</i>                             | <i>25%</i>   | <i>14%</i>   | <i>20%</i>   | <i>24%</i>   | <i>24%</i>   | <i>24%</i>   | <i>24%</i>   | <i>24%</i>   |
| <i>Minority</i>   | <i>n.a</i>   | <i>n.a</i>   | <i>n.a</i>   | <i>n.a</i>   | <i>n.a</i>   | <i>n.a</i>   | <i>n.a</i>   | <i>n.a</i>   |
| <b>Net income</b>                                       | <b>2.9</b>   | <b>2.1</b>   | <b>3.2</b>   | <b>4.6</b>   | <b>5.2</b>   | <b>5.9</b>   | <b>6.2</b>   | <b>6.5</b>   |
| <b>Balance Sheet (€M)</b>                               | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021e</b> | <b>2022e</b> | <b>2023e</b> | <b>2024e</b> | <b>2025e</b> |
| <i>Tangible and intangible assets</i>                   | 9.0          | 11.2         | 11.6         | 12.1         | 12.6         | 13.2         | 13.8         | 14.2         |
| <i>Other non-current assets</i>                         | 0.5          | 0.6          | 0.7          | 0.7          | 0.7          | 0.7          | 0.7          | 0.7          |
| <i>Deferred taxes</i>                                   | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <i>Current assets</i>                                   | 22.8         | 26.6         | 28.1         | 29.0         | 29.6         | 30.0         | 30.3         | 30.6         |
| <i>Cash</i>   | 2.6          | 3.1          | 9.9          | 11.6         | 15.2         | 19.4         | 23.7         | 28.0         |
| <b>Assets</b>   | <b>35.0</b>  | <b>41.5</b>  | <b>50.2</b>  | <b>53.4</b>  | <b>58.2</b>  | <b>63.3</b>  | <b>68.4</b>  | <b>73.5</b>  |
| <i>Shareholders equity group</i>                        | 8.6          | 14.9         | 18.3         | 20.9         | 24.0         | 27.5         | 31.3         | 35.2         |
| <i>Minorities</i>                                       | 1.9          | 2.4          | 2.8          | 3.7          | 4.5          | 5.4          | 6.3          | 7.1          |
| <i>Provisions for liabilities and charges</i>           | 4.7          | 2.4          | 2.6          | 3.5          | 3.5          | 3.5          | 3.5          | 3.5          |
| <i>Financial debt</i>                                   | 7.1          | 9.8          | 12.1         | 10.1         | 10.1         | 10.1         | 10.1         | 10.1         |
| <i>Current liabilities</i>                              | 12.6         | 11.9         | 14.4         | 15.2         | 16.0         | 16.8         | 17.3         | 17.6         |
| <b>Liabilities</b>                                      | <b>35.0</b>  | <b>41.5</b>  | <b>50.2</b>  | <b>53.4</b>  | <b>58.2</b>  | <b>63.3</b>  | <b>68.4</b>  | <b>73.5</b>  |
| <b>Cash flow statement (€M)</b>                         | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021e</b> | <b>2022e</b> | <b>2023e</b> | <b>2024e</b> | <b>2025e</b> |
| <i>Operating cash flow</i>                              | 3.7          | 2.2          | 5.5          | 7.5          | 7.6          | 8.4          | 8.9          | 10.3         |
| <i>ΔWCR</i>   | (3.5)        | (3.7)        | 0.3          | (0.1)        | 0.2          | 0.4          | 0.2          | 0.0          |
| <b>Cash flow generated by the activity</b>              | <b>0.1</b>   | <b>(1.5)</b> | <b>5.8</b>   | <b>7.3</b>   | <b>7.9</b>   | <b>8.8</b>   | <b>9.1</b>   | <b>10.3</b>  |
| <i>Net capex</i>  | (1.3)        | (3.9)        | (2.3)        | (2.5)        | (2.7)        | (2.9)        | (3.0)        | (3.1)        |
| <b>FCF</b>  | <b>(1.2)</b> | <b>(5.4)</b> | <b>3.6</b>   | <b>4.8</b>   | <b>5.2</b>   | <b>5.9</b>   | <b>6.1</b>   | <b>7.3</b>   |
| <i>Disposal of tangible and intangible fixed assets</i> | 0.0          | 0.0          | 1.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <i>Acquisitions</i>                                     | (0.5)        | (0.0)        | (0.0)        | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <i>Others</i>   | 6.6          | (0.1)        | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Cash flow from investing oper.</b>                   | <b>4.8</b>   | <b>(4.0)</b> | <b>(1.2)</b> | <b>(2.4)</b> | <b>(2.7)</b> | <b>(2.9)</b> | <b>(3.0)</b> | <b>(3.0)</b> |
| <i>Change in borrowings</i>                             | 1.4          | 1.3          | 2.7          | (1.7)        | 0.0          | 0.0          | 0.0          | 0.0          |
| <i>Interests</i>  | 0.0          | (0.3)        | (0.2)        | (0.2)        | (0.2)        | (0.2)        | (0.2)        | (0.2)        |
| <i>Change in Capital</i>                                | (6.1)        | 5.3          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <i>Dividends</i>  | 0.0          | (0.6)        | (0.3)        | (1.1)        | (1.3)        | (1.5)        | (1.6)        | (1.7)        |
| <i>Other net cash flow from financing oper.</i>         | 2.2          | 0.3          | 0.0          | (0.1)        | (0.1)        | (0.1)        | (0.1)        | (1.1)        |
| <b>Cash flow from financing oper.</b>                   | <b>(2.4)</b> | <b>6.0</b>   | <b>2.2</b>   | <b>(3.1)</b> | <b>(1.6)</b> | <b>(1.8)</b> | <b>(1.9)</b> | <b>(3.0)</b> |
| <i>Change in exchange rate</i>                          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Change in net cash over the year</b>                 | <b>2.5</b>   | <b>0.5</b>   | <b>6.7</b>   | <b>1.8</b>   | <b>3.6</b>   | <b>4.2</b>   | <b>4.2</b>   | <b>4.3</b>   |

Source: Company - Midcap Partners





## XV. Financials (2/2)

| KEY RATIOS                                   | 2018    | 2019     | 2020  | 2021e  | 2022e   | 2023e   | 2024e   | 2025e   |
|--|---------|----------|-------|--------|---------|---------|---------|---------|
| Revenue growth                               | n.a.    | 12.8%    | 1.0%  | 27.7%  | 8.6%    | 7.6%    | 3.7%    | 2.0%    |
| Gross margin                                 | 60.8%   | 60.4%    | 59.5% | 59.3%  | 60.3%   | 61.1%   | 61.5%   | 62.1%   |
| EBITDA reported margin                       | 19.5%   | 14.1%    | 19.0% | 20.1%  | 20.7%   | 21.3%   | 21.7%   | 22.2%   |
| EBIT reported margin                         | 14.8%   | 8.5%     | 12.9% | 15.1%  | 15.7%   | 16.4%   | 16.7%   | 17.0%   |
| Net margin                                   | 10.1%   | 6.6%     | 9.9%  | 11.1%  | 11.7%   | 12.2%   | 12.5%   | 12.7%   |
| Reported EPS                                 | 0.20    | 0.13     | 0.22  | 0.31   | 0.36    | 0.42    | 0.45    | 0.47    |
| Dividend per share                           | 0.1     | 0.0      | 0.1   | 0.09   | 0.11    | 0.13    | 0.13    | 0.14    |
| Dividend Yield                               | n.a.    | n.a.     | 2.9%  | 2.2%   | 2.6%    | 3.0%    | 3.2%    | 3.3%    |
| NWC  | 14.2    | 16.7     | 17.4  | 17.0   | 18.3    | 18.6    | 18.9    | 18.9    |
| NWC as a % of Revenue                        | 50.0%   | 52.3%    | 53.7% | 41.1%  | 40.7%   | 38.4%   | 37.7%   | 37.0%   |
| FCF  | (1.2)   | (5.4)    | 3.6   | 4.8    | 5.2     | 5.9     | 6.1     | 7.3     |
| FCF yield                                    | (51.8%) | 0.0%     | 20.3% | 23.0%  | 25.4%   | 25.4%   | 26.5%   | 23.2%   |
| Conversion rate (FCF/EBITDA)                 | (21.0%) | (119.0%) | 57.8% | 58.3%  | 55.8%   | 57.8%   | 55.9%   | 64.0%   |
| CAPEX  | 1.31    | 3.87     | 2.26  | 2.48   | 2.69    | 2.90    | 3.01    | 3.07    |
| CAPEX/Sales                                  | 4.6%    | 12.1%    | 7.0%  | 6.0%   | 6.0%    | 6.0%    | 6.0%    | 6.0%    |
| ROE  | 27.2%   | 12.1%    | 15.1% | 18.6%  | 18.4%   | 17.9%   | 16.6%   | 15.3%   |
| ROA  | 8.2%    | 5.1%     | 6.4%  | 8.6%   | 9.0%    | 9.3%    | 9.1%    | 8.8%    |
| Gross Debt                                   | 7.1     | 9.8      | 12.1  | 10.1   | 10.1    | 10.1    | 10.1    | 10.1    |
| Net Debt                                     | 4.6     | 6.5      | 1.9   | (1.8)  | (5.4)   | (9.6)   | (13.8)  | (18.2)  |
| Financial receivables and other liquid funds | 0.0     | 0.3      | 0.3   | 0.3    | 0.3     | 0.3     | 0.3     | 0.3     |
| Cash   | 2.6     | 3.1      | 9.9   | 11.6   | 15.2    | 19.4    | 23.7    | 28.0    |
| Gearing, net                                 | 43.3%   | 37.3%    | 9.2%  | (7.2%) | (18.9%) | (29.1%) | (36.8%) | (42.9%) |
| Financial leverage                           | 0.8x    | 1.4x     | 0.3x  | -0.2x  | -0.6x   | -0.9x   | -1.3x   | -1.6x   |
| EV/Sales                                     |         |          |       | 1.3x   | 1.2x    | 1.1x    | 1.1x    | 1.0x    |
| EV/EBITDA                                    |         |          |       | 6.4x   | 5.7x    | 5.2x    | 4.9x    | 4.7x    |
| EV/EBIT                                      |         |          |       | 8.4x   | 7.5x    | 6.7x    | 6.3x    | 6.1x    |
| P/E  |         |          |       | 11.1x  | 9.7x    | 8.6x    | 8.1x    | 7.9x    |

Source : Company - Midcap Partners



## XVI. ANNEXES

### Comparables

|   |  |
|---|--|
|    | <p>GEA Group AG is headquartered in Dusseldorf, Germany. The company is one of the world's largest systems suppliers for the food, beverage and pharmaceutical sectors. Their portfolio includes machinery and plants as well as advanced process technology, components and comprehensive services. Their 5 main business segments are separation &amp; flow technologies, liquid &amp; powder technologies, food &amp; healthcare technologies, farm technologies and heating &amp; refrigeration technologies. Their business model has evolved significantly since their founding in 1881 as a metals trading company. Today, their five divisions are supported by more than 18,000 employees located in 64 countries.</p>                          |
|    | <p>JBT is a leading global technology solutions provider to high-value segments of the food processing and air transportation industries. The group provides products and services for these industries such as: evaporators, tray sealers, processing systems and more (for the food industry) and cargo loaders, tractors, passenger steps and more for the air transportation industry. The JBT are situated in NYC (US) with affiliates in over 50 countries.</p>  |
|    | <p>Krones AG is a German packaging and bottling machine manufacturer. It produces lines for filling beverages in plastic and glass bottles or beverage cans. Whether made out of glass, PET or aluminium, their machines process these products. Krones AG's main customers comprise of breweries, water, soft drink and juice manufacturers, as well as dairies and producers of wine, sparkling wine and spirits companies from the liquid food field. Their main business segments are: process technology (beer, malt beverages, water etc.), bottling and packing equipment (labelling technology, filling technology, packing and palletising technology etc.) and intralogistics (warehouse management systems, order picking systems etc. ).</p> |
|  | <p>OSAI is an Italian Group, leader in the automation of industrial processes. The company provides solutions based on standard systems or on special machines for assembly and testing of high-tech components for the medical industry, semiconductor industry, the automotive industry and electronics manufacturing. It has an important international reach, with a 80% of revenues coming from exports.</p>  |

Source : Company, Midcap

## ILPRA board of directors



### **MAURIZIO BERTOCCO – President of the BoD and CEO**

- Degree in Accounting from the Technical Institute “Luigi Casale” in Vigevano (IT)
- **1980:** joined ILPRA S.r.l staff.
- **1988:** Sole Director of ILPRA S.r.L. following 8 years of experience as a sales manager in Italy and abroad.
- **2003:** appointed CEO of ILPRA S.p.A, following the Group’s IPO.



### **VITTORIO VECCHIO - CFO**

- Degree in Political Science from the University of Pavia
- He was appointed Administration and Finance Director of several leading Italian companies: In 2002 for Eurolabour Spa Holding, 2008 for Trenkwalder Italia Holding srl, in 2011 for Facis Spa and in 2013 for Finim Srl.
- **2018:** Joined ILPRA as a CFO
- **2020:** appointed member of the BoD with administration and finance delegations



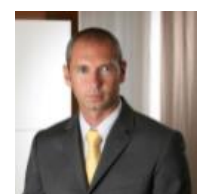
### **GIANLUCA APICELLA – Commercial delegations member**

- Degree in Political Science from the University of Pavia
- **1996:** joined ILPRA S.p.A as an Area Manager for commercial activities
- **1999:** appointed member of the BoD of ILPRA Group Srl
- **2016:** Area Manager Coordinator at ILPRA S.p.A.
- **2019:** appointed member of BoD with commercial delegations



### **PAOLO ARATA – Sales Director Italy**

- Degree in Accounting at Collegio Salesiano San Carlo di Borgo San Martino
- **1990:** joined the Group as an Area Manager responsible for Italian sales activities
- **1994:** appointed president of the BoD of Unimec (an ILPRA company)
- **2000:** appointed member of BoD of ILPRA group with delegation on the Italian Sales directory



### **LIVIO PORTERA – Managing Director ILPRA Branch**

- Degree in Accounting from Technical Institute ‘Luigi Casale’
- **1998:** joins the Group as an Area Manager
- **2005:** shareholder and member of BoD ILPRA System UK
- **2014:** shareholder and member of BoD ILPRA Hong Kong
- **2015:** shareholder and member of BoD ILPRA Russia
- **2016:** shareholder and member of BoD ILPRA Middle East
- **2019:** appointed Managing Director ILPRA International Branch



### **ANDREA ZINI – Product Manager**

- Degree in Business and Economics from the University of Pavia
- **2001:** joins ILPRA as a Product Manager
- **2019:** member of BoD with delegation to the product management directory



### **Carlo Alberto Carnevale-Maffé – Independent member of BoD**

- Master in International Economics and Management (MIEM) from Bocconi University
- Independent member of Board of Directors.

Source : Company, Midcap

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2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
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4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

### Conflict of Interests

| Company      | Conflict Type |
|--------------|---------------|
| ILPRA S.p.A. | G             |

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