



FY21 results outperforming estimates

Sector: Manufacturing

Double digit top-line growth and strong improvement in profitability. ILPRA specialized in the design and production of packaging machines for food, cosmetics, and medical applications, reported solid FY21 results, overperforming our estimates. The Company delivered strong sales at Euro 42.2 m (up 31% YoY and 10% better than our estimates) driven by the domestic market (+72% YoY, and c. 42% of sales) boosted by fiscal incentives implemented by the Italian government (Industry 4.0 and Bonus Sud) as well as solid growth in export markets (+11%). EBITDA came in at Euro 9.0 m, 14% above our expectations (Euro 7.9 m) and up 46% YoY (Euro 6.2 m). EBITDA margin stood at 21.3%, in line with our estimates (21%) and above FY20 (19%) thanks to higher sales volumes, increased efficiency in the production process from important investments made in this area over the last years, and structural improvement in services costs. Net Income was of Euro 5.3 m, vs. Euro 3.2 m in FY20 and Euro 4.3 m as or our estimates. ILPRA generated Euro 5.3 m FCF in 2021 resulting in a Net Cash position at year end of Euro 3.4 m (versus our estimates of Euro 1.2 m). The BoD approved a DPS of Euro 0.10, +67% YoY (pay-out ratio of 31% and 2.5% dividend yield).

Resumed M&A activity after period of consolidation. After some intense M&A activity following the IPO (4 acquisitions in FY19) in FY22/21 Ilpra took a break to consolidate the new group companies. In February Management announced the signing of a binding agreement for the acquisition of 30% of MACS Srl (FY21 sales of c. Euro 2.1 m, EBITDA of 0.1 and Net Debt of 1.4 m), which will allow ILPRA to widen its product range and enter the fast-growing market of flexible packaging and doypack. The agreement provides for a cash payment of Euro 0.3 m and a capital increase in Macs of Euro 0.5 m for a total of 30% (51% voting rights). Closing is expected before the end of April.

No expected short-term impacts from current international turmoil Management did not provide guidance for FY22 but highlighted a positive outlook for the market confirmed by UCIMA (industry association). The recent general increase in raw material prices and shortage of electronic components are issues that are being monitored closely but should, according to Management, not have any significant effect on FY22 as commercial agreements have already been made with suppliers to cover the supply for FY22. The increase in energy costs, should not affect the Group significantly as most of the electricity need is covered by a proprietary PV plant. The Group's Russian subsidiary, with a contribution of Euro 1.5 m to consolidated sales in FY21, is for now continuing to operate within its domestic market.

FY22 estimates slightly revised upward. Given the above we slightly increased our revenue forecast now assuming Euro 45.6 m in FY22 (Euro 42.4 m previously) and finetuned our EBITDA margin (now 21.5% in FY22 and 22% in FY23 vs 21% and 21.5% previously). Overall, we increased our revenue, EBITDA and EPS forecast by an average +7%, +9% and +8% respectively. Net Cash at year end 2023 should reach Euro 12.0 m. Our estimates do not include any further M&A activity although this remains a key strategic pillar for Management, also taking into consideration the significant amount of cash at hand (c. Euro 15.8 m at year end FY21).

Valuation Update. Based on our updated estimates and peers' multiple re-rating (c. -15% since our last report), we updated our target price to Euro 7.55 p.s. (6.88 pr.) providing for an upside on current stock price of 93%. The stock is currently trading at FY22E/23E EV/EBITDA multiples of 4.6x and 4.2x at an average discount of 60% to peers. At our target price the stock would be trading at 8.6x and 7.8x respectively.

Target Price 7.55 (6.88 pr.)

Market Cap (€ m) **47**

EV (€ m) **44**

Market Price (€) **3.92**

As of 4 April 2022

Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	ILP:IM/ILP.MI
ISIN	IT0005359101
N. of Shares	12,038,600
Free Float	22.51%
CEO	Maurizio Bertocco

Financials

	2020A	2021A	2022E	2023E
Sales	32.4	42.2	45.6	49.3
YoY %	1%	30%	8%	8%
EBITDA	6.2	9.0	9.8	10.8
EBITDA %	19%	21%	22%	22%
EBIT	4.2	7.0	7.9	8.9
EBIT %	13%	17%	17%	18%
Net Income	3.2	5.3	5.5	6.3
Net D/(C)	1.9	(3.4)	(7.3)	(12.0)
Equity	21.1	24.9	28.8	33.4

Performance

	1M	3M	6M
Absolute %	+30%	-17%	-11%
Relative (FTSE Italia Growth)	+20%	-8%	-8%
52-week High/Low (Eu)	2.42	/	5.10



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KEY FINANCIALS

Profit&Loss Statement	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023E
Sales	16,0	20,4	28,4	32,0	32,4	42,2	45,6	49,3
Revenues (VoP)	17,6	21,4	31,5	34,4	36,3	44,0	47,1	50,8
EBITDA	2,4	3,2	5,5	4,5	6,2	9,0	9,8	10,8
EBIT	1,6	2,1	4,2	2,7	4,2	7,0	7,9	8,9
Net Financial ch.	(0,5)	(0,4)	(0,4)	(0,3)	(0,2)	(0,2)	(0,2)	(0,2)
Pre-tax profit (loss)	1,0	1,7	3,8	2,4	4,0	6,8	7,7	8,7
Taxes	(0,7)	(0,6)	(0,9)	(0,3)	(0,8)	(1,5)	(2,2)	(2,4)
Net profit (loss)	0,4	1,1	2,9	2,1	3,2	5,3	5,5	6,3
Group's Net profit (loss)	0,0	0,0	2,4	1,6	2,7	4,3	4,6	5,2

Balance Sheet

Fixed assets	9,3	7,1	9,5	11,7	12,1	11,2	10,2	9,2
NWC	8,5	12,0	13,0	14,7	13,9	13,3	14,6	15,7
M/L Funds	(1,8)	(2,0)	(2,5)	(2,6)	(2,9)	(3,1)	(3,3)	(3,5)
Net Capital Employed	16,1	17,2	20,0	23,8	23,1	21,5	21,5	21,4
Net Debt	8,1	8,1	9,5	6,5	1,9	(3,4)	(7,3)	(12,0)
Equity	8,0	9,1	10,5	17,3	21,1	24,9	28,8	33,4

Cash Flow

Net Income	0,4	1,1	2,9	2,1	3,2	5,3	5,5	6,3
Non Cash Items	1,1	1,1	1,5	1,9	2,2	2,0	2,1	2,0
Change in NWC	2,4	(3,5)	(2,5)	(1,7)	0,8	0,6	(1,3)	(1,1)
Cash from Operations	3,9	(1,2)	1,9	2,3	6,2	7,9	6,3	7,2
Capex	(1,1)	(1,1)	(2,2)	(3,9)	(2,3)	(1,0)	(0,8)	(0,8)
Other non current assets	(2,3)	2,3	(0,3)	(0,0)	(0,0)	(0,0)	0,0	0,0
Operating Free Cashflow	0,5	0,0	(0,6)	(1,6)	3,9	6,9	5,5	6,4
Dividend	0,0	0,0	0,0	0,0	0,7	1,6	1,7	1,9
Change in equity	0,0	0,0	(0,5)	4,7	(0,1)	(3,2)	(3,3)	(3,6)
Change in Net Debt	0,5	0,0	(1,1)	3,0	4,5	5,3	3,9	4,7

Per Share Data

Price	3,92							
Total shares out (mn)	12,04							
EPS	0,03	0,1	0,2	0,2	0,3	0,4	0,5	0,5
DPS	-	-	-	0,0	(0,1)	(0,1)	(0,1)	(0,2)
FCF	0,0	0,0	(0,1)	0,3	0,4	0,4	0,3	0,4
Pay-out ratio (on cons. Net Profit)	0%	0%	0%	0%	27%	31%	30%	30%

Ratios

EBITDA margin	15,1%	15,5%	19,5%	14,1%	19,0%	21,3%	21,5%	22,0%
EBIT margin	9,7%	10,4%	14,8%	8,5%	12,9%	16,6%	17,3%	18,2%
Net Debt/Equity	101,4%	88,6%	90,1%	37,3%	9,2%	-13,6%	-25,3%	-36,0%
Net Debt/EBITDA	3,34	2,56	1,71	1,43	0,32	-0,38	-0,74	-1,11
Interest cover EBIT	3,05	4,86	10,31	8,66	20,05	32,58	39,49	44,75
ROCE	13,7%	15,5%	25,7%	12,9%	21,6%	39,7%	46,8%	53,3%
ROE	4,9%	12,3%	27,2%	12,1%	15,1%	21,2%	19,3%	18,9%

Growth Rates

Sales	-6%	27%	11%	13%	1%	30%	8%	8%
Revenues (VoP)	-2%	21%	16%	9%	6%	21%	7%	8%
EBITDA	46%	30%	5%	-19%	37%	46%	9%	11%
EBIT	89%	36%	4%	-35%	54%	67%	13%	13%
Net Profit	1158%	188%	13%	-27%	52%	65%	5%	14%

Revenues breakdown – Euro m

	FY21	%	FY20	%	FY19	%
Italy	17.6	42%	10.2	31%	11.3	35%
Export	24.7	58%	22.2	69%	20.7	65%
Total sales	42.2	100%	32.4	100%	32.0	100%

Source: Consolidated Group Data

Key Financials – Euro m

Income Statement		21A	20A	19A
Sales		42.2	32.4	32.0
	yoy	30.5%	1.0%	12.8%
Revenues		44.0	36.3	34.4
EBITDA		9.0	6.2	4.5
	margin	21.3%	19.0%	14.1%
EBIT		7.0	4.2	2.7
Pre-tax Profit		6.8	4.0	2.4
Net Profit		5.3	3.2	2.1
Group's Net Profit		4.5	2.7	1.6

Balance Sheet		21A	20A	19A
Net Working Capital		13.3	13.9	14.7
Fixed Net Assets		11.2	12.1	11.7
Funds		(3.1)	(2.9)	(2.6)
Net Capital Employed		21.5	23.1	23.8
Net Debt (Cash)		(3.4)	1.9	6.5
Total Equity		24.9	21.2	17.3
Third party Equity		22.1	18.3	
Group's Equity		2.7	2.8	
Sources		21.5	23.1	23.8

Source: Consolidated Group Data

Estimates Revision – Euro m

P&L Euro m	20A	21Old	21E New	22Old	22E New	23Old	23E New
Sales	32,4	38,5	42,2	42,4	45,6	46,6	49,3
	yoy	1%	19%	30%	10%	8%	10%
Revenues (VoP)	36,3	40,4	44,0	44,3	47,1	48,7	50,8
EBITDA	6,2	7,9	9,0	8,9	9,8	10,0	10,8
	margin	19%	21%	21%	21%	22%	22%
EBIT	4,2	6,0	7,0	7,0	7,9	8,2	8,9
	margin	13%	16%	17%	17%	17%	18%
Pre-tax profit (loss)	4,0	6,0	6,8	7,0	7,7	8,2	8,7
Net profit (loss)	3,2	4,3	5,3	5,1	5,5	5,9	6,3

Balance Sheet Euro m	20A	21Old	21E New	22Old	22E New	23Old	23E New
Fixed assets	12,1	11,1	11,2	10,0	10,2	9,0	9,2
NWC	13,9	15,7	13,3	18,9	14,6	21,7	15,7
M/L Funds	(2,9)	(3,2)	(3,1)	(3,4)	(3,3)	(3,7)	(3,5)
Net Capital Employed	23,1	23,5	21,5	25,5	21,5	27,1	21,4
Net Debt	1,9	(1,2)	(3,4)	(3,0)	(7,3)	(5,8)	(12,0)
Equity	21,1	24,7	24,9	28,5	28,8	32,8	33,4

PMI Capital Research estimates

VALUATION

Method	Weight	Price (Eu p.s.)	Equity Value (Eu m)
Multiple analysis EV/EBITDA 22/23 Industrial (@ 20% discount)	50%	6.87	79
DCF (WACC 6.9% and g 1.0%)	50%	8.81	109
Target Price	100%	7.55	94

Market Multiples

Companies	Country	Market Cap	Price	Sales 21A	Sales YoY 21/20	EBITDA % 21A	EBIT % 21A	NI % 21A
Alfa Laval AB	Sweden	13.162,3	31,4	3.936,1	-4%	20%	16%	12%
GEA Group	Germany	6.838,8	37,9	4.702,9	1%	13%	9%	6%
John Bean Technologies	US	3.479,1	109,5	1.649,8	16%	13%	9%	7%
Krones AG	Germany	2.366,3	74,9	3.637,2	9%	8%	5%	4%
SPX Flow, Inc.	US	3.308,0	78,7	1.345,4	21%	14%	12%	4%
Average				3.054,3	9%	14%	10%	7%
ILPRA	Italy			42,2	30%	21%	17%	12%

Companies	EV/EBITDA	
	22E	23E
Alfa Laval AB	14,6	13,1
GEA Group	9,6	8,9
John Bean Technologies	15,4	12,6
Krones AG	5,8	4,9
SPX Flow, Inc.	14,3	12,5
Average	11,9	10,4
ILPRA	4,6	4,2
<i>Premium/Discount to Peers</i>	-61%	-60%
EGM Manufacturing Sector	6.8	5.8

FactSet and PMI Capita Research data as of April 4th, 2022, Group data and PMI Capital Research estimates for Ilpra

INDUSTRY COMPARISON
Ilpra Spa (ILP-IT): IR Top estimates and Factset Data

EGM Sector: average data for listed on AIM Italia included in the Manufacturing sub sector: Askoll EVA (EVA-IT), Clabo (CLA-IT), Costamp Group (MOLD-IT), Energica Motor Company (EMC-IT), Euro Cosmetic (EC-IT), Fervi (FVI-IT), Franchi Umberto Marmi (FUM-IT), Gel (GEL-IT), Gibus (GIBUS-IT), Grifal (GRAL-IT), Industrie Chimiche Forestali (ICF-IT), Illa (ILLA-IT), Marzocchi Pompe (MARP-IT), Officina Stellare (OS-IT), Radici Pietro Industries&Brands (RAD-IT), Rosetti Marino (YRM-IT), Sciuker Frames (SCK-IT), SITI B&T Group (SITI-IT), Tenax International (TNX-IT), Vimi Fasteners (Vimi Fasteners)

Industry Peers: average data for a selected group industrial peer: Alfa Laval AB (ALFA-SE), GEA Group Aktiengesellschaft (G1A-DE), John Bean Technologies Corporation (JBT-US), Kronos AG (KRN-DE) and SPX Flow, Inc. (FLOW-US).

EGM All: average financial and market data for all the companies listed on EGM, reported price performance data are related to the FTSE Italia Index (TecnoProbe excluded)

	ILP-IT	Manufacturing		XS0072
	ILPRA	EGM Sector	Peers Avg	FTSE Italia Growth
Revenues	42,2	53,9	3.054	36,0
EBITDA	9,0	5,2	425	4,2
EBITDA %	21,3%	9,7%	13,9%	11,5%
EBIT	7,0	2,2	305	7,9
EBIT %	16,6%	4,1%	10,0%	22,0%
Earnings	5,3	1,3	215	0,6
Earnings %	12,6%	2,4%	7,1%	1,8%
NFP	-3,4	5,8	164	3,4
NFP/EBITDA	-0,4	1,1	0,4	0,8
FY18-20 Revenues CAGR	7%	-5%	-4%	9%
FY20-22 Revenues CAGR	19%	21%	8%	22%
FY18-20 Earnings CAGR	6%	-180%	-20%	-11%
FY20-22 Earnings CAGR	32%	71%	57%	98%
Market data				
Market Cap	47	61,2	3.302	57,7
EV	44	63,6	7.167	59,4
Free Float	23,04%	27,58%	77,17%	40,15%
ADTT YTD (Eu k)	54.108	86.960	57.994.694	141.619
Market Multiples				
EV/Sales 2022	1,0	1,1	1,8	1,8
EV/Sales 2023	0,9	1,0	1,7	1,4
EV/EBITDA 2022	4,6	6,8	11,9	14,3
EV/EBITDA 2023	4,2	5,8	10,3	8,1
EV/EBIT 2022	5,7	14,2	15,9	16,2
EV/EBIT 2023	5,1	7,9	13,3	9,6
P/E 2022	8,8	22,4	21,1	25,2
P/E 2023	7,7	14,7	17,7	18,6
Earnings Yield	11,3%	4,5%	4,7%	4,0%
Stock Performance				
1D	1,0%	-0,6%	-1%	-0,6%
1W	7,4%	3,9%	-2%	2,0%
1M	3,6%	1,8%	0%	3,5%
3M	-14,8%	-9,9%	-14%	-8,4%
6M	-6,9%	-7,0%	-3%	-2,7%
YTD	-14,8%	-11,5%	-14%	34,8%
1Y	68,3%	18,6%	13%	22,1%

 FactSet and PMI Capital data as of March 30th, 2023, Group data and IR TOP Research estimates for Ilpra

ILPRA ON EURONEXT GROWTH MILAN
IPO

Trading Market: AIM Italia – Borsa Italiana Spa (currently Euronext Growth Milan)

Date: February 15th, 2019

Price: 2.10

Capital raised: Euro 5.3 m

Capitalisation: Euro 25.3 m

SHARES (as of April 4th, 2022)

Code: ILP

Bloomberg: ILP IM

Reuters: ILP.MI

ISIN: IT0005359101

Shares: 12,038,600

Price: Euro 3.92

Performance from IPO: +87%

Capitalisation: Euro 47 m

Free Float: 22.51%

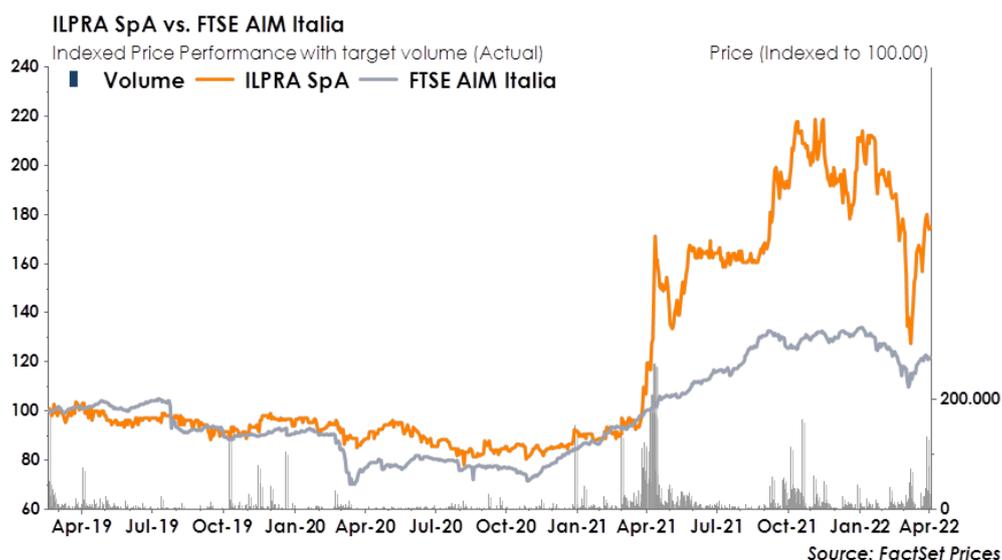
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OWNERSHIP

The lock up period of 36 months from IPO on the shares of Holds and Maurizio Bertocco, expired on in February 2022. Through the indirect holding in Holds, the Bertocco family controls 77.49% of the shares.

Shareholder	N° of shares	%
HOLDS S.r.l.	9.328.400	77,49%
Free Float	2.710.200	22,51%
Total	12.038.600	100,00%

 Source: Company data as of April 4th, 2022

STOCK PERFORMANCE


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	Date	Target Price	Market Price	Validity Time
	April 5 th , 2022	7.55	3.92	12 months
	September 28 th , 2021	6.88	4.28	12 months
	April 13 th , 2020	5.62	3.84	12 months
	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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Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

RESEARCH TEAM:

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