



FY22 above expectations, bright prospects for FY23 and beyond

Sector: Producer Manufacturing

FY22: another record year for the Company, double digit sales growth (+15% YoY) increased profitability (EBITDA margin 23%) ILPRA innovative SME specialized in the design and production of packaging machines for food, cosmetics, and medical applications, reported a very strong set of FY22 results. Sales came in at Euro 48.7 m, +15% vs. FY21 driven by a strong 2H (Euro 27.1 m, +19% HoH) and the acquisition of MACS (we estimate c. Euro 2.0 FY22 contribution). The result overperformed both our expectations (+5%, Euro 46.5 m) and the market which remained stable vs. last year (-1% overall, o/w -3% in export markets and, +6% in Italy). In terms of sales mix, export revenues grew by +22% to Euro 30.1 m increasing its weight on total sales to 62% (58% in FY21) as a result of the efficient internationalization strategy pursued. Sales in the domestic market came in at Euro 18.6 m, +6% compared to last year which however enjoyed extraordinary demand driven by governmental incentives. EBITDA stood at Euro 11.2 m, +25% YoY and +12% vs our expectations (Euro 10.0 m) and with an EBITDA margin of 23.1% (on sales), outperforming both prior year's 21.3% and our estimates of 22% thanks to the higher weight of export revenues and the measures adopted to tackle input cost inflation (increase in list price and early procurement. We also note that the Group was not affected by energy cost increases, as its photovoltaic panels cover all of its factory's energy needs. On the balance sheet, the Group presented a Net Cash position of Euro 3.5 m, in line with Euro 3.4 m at FY21 following some NWC absorption after the increased inventory reserves (+Euro 7.4 m vs. FY21) as part of a strategy to maintain fast time to market as competitive advantage, M&A (total effect of Euro 1.4 m), and a dividend payment of c. Euro 2.0 m.

Positive market expectations and international expansion in support of short-term growth... Management did not provide guidance for FY23 but expressed confidence about a positive performance in FY2023 on the back of the positive market outlook confirmed by UCIMA (industry association), growing order portfolio (no details were provided) and commercial agreements already in place to guarantee supply of raw material and electronic components for the entire order portfolio. In our opinion, the underlying market trend, Management's efficient international growth strategy underpinned by the full upside form the MACS acquisition (consolidated as of Q222) support our future short term growth expectation.

... investments in R&D and M&A and to boost mid-term expectations. Over the last five years, Ilpra has been able to grow revenues at a CAGR of c. 15%, above market growth thanks to a well-defined strategy based on both organic growth and M&A. In the mid-term we expect organic growth to continue to be driven by geographic expansion and product development. On top and considering the significant amount of cash at hand (Euro 17.3 m at FY22), we also expect Management to continue to pursue its M&A strategy aimed at vertical integration of production lines and strengthening in the cosmetics, and medical application sectors. Finally, we appreciate i) the appealing dividend distribution policy: on the back of the +23% increase in net results the Company increased the rewards for its shareholders and approved a DPS of Euro 0.12, +20% YoY (pay-out ratio of 32% and 2.8% dividend yield) and ii) increase in free float which we expect should improve the sock's liquidity.

Estimate upgrade and TP increase to Euro 8.89 p.s. Given the above we revised our estimates upwards. We now expect sales growth of 15% in FY23 (8% previously) and 10% in the years to follow. We also increased profitability to reflect the structural improvement in margins in FY22. Overall, we increased our sales, EBITDA and EPS forecast by an average of +13%, +19% and +18% respectively. Finally, we added FY25 to our explicit forecast period. Updating our DCF and multiple based valuation model for new estimates and up-to-date market data we obtain a target price of Euro 8.89 p.s. (Euro 7.55 p.s. previously), +18% vs our previous report and providing for a potential upside of 105%. At our TP the stock would be trading at FY23-24 EV/EBITDA multiples of 7.8x and 7.0x respectively vs. peers' 10.7x and 9.9x. The stock is currently trading at 4.0x and 3.6x which we consider very undemanding, supporting our positive view on the stock. Our forecasts do not assume any M&A activity which however continues to represent further upside to our valuation.

Target Price 8.89 (7.55 pr.)

Market Cap (€ m) **52.3**

EV (€ m) **48.8**

Market Price (€) **4.34**

As of 29 March 2023

Share Data

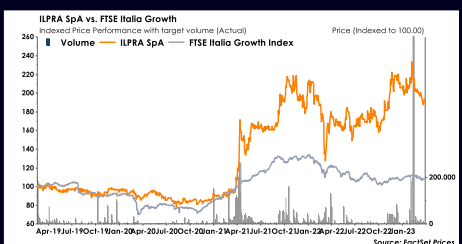
Market	Euronext Growth Milan
Reuters/Bloomberg	ILP:IM/ILP.MI
ISIN	IT0005359101
N. of Shares	12,038,600
Free Float	29.51%
CEO	Maurizio Bertocco

Financials

	22A	23E	24E	25E
Sales	48,7	56,0	61,6	67,8
YoY %	+15%	+15%	+10%	+10%
EBITDA	11,2	13,1	14,6	16,2
EBITDA %	23%	23%	24%	24%
EBIT	8,8	10,6	12,1	13,8
EBIT %	18%	19%	20%	20%
Net Income	6,5	7,5	8,6	9,8
Net D/(C)	(3,5)	(9,4)	(15,9)	(22,3)
Equity	29,8	35,4	41,7	49,0

Performance

	1M	3M	6M
Absolute	-4%	-6%	17%
Relative (FTSE Italia Growth)	-4%	-7%	10%
52-week High/Low (Eu)	5.30	/	3.35



Luisa Primi

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This Note is issued by arrangement with MIT SIM SpA, the Specialist engaged by the Company.

P&L Statement	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E
Sales	16,0	20,4	28,4	32,0	32,4	42,2	48,7	56,0	61,6	67,8
Revenues (VoP)	17,6	21,4	31,5	34,4	36,3	44,0	56,8	57,5	63,1	69,3
EBITDA	2,4	3,2	5,5	4,5	6,2	9,0	11,2	13,1	14,6	16,2
EBIT	1,6	2,1	4,2	2,7	4,2	7,0	8,8	10,6	12,1	13,8
Financial Inc./ (ch.)	(0,5)	(0,4)	(0,4)	(0,3)	(0,2)	(0,2)	(0,5)	(0,2)	(0,2)	(0,2)
Pre-tax profit (loss)	1,0	1,7	3,8	2,4	4,0	6,8	8,3	10,4	11,9	13,6
Taxes	(0,7)	(0,6)	(0,9)	(0,3)	(0,8)	(1,5)	(1,8)	(2,9)	(3,3)	(3,8)
Net profit (loss)	0,4	1,1	2,9	2,1	3,2	5,3	6,5	7,5	8,6	9,8
Group's NP/(Loss)	0,0	0,0	2,4	1,6	2,7	4,3	5,2	6,0	6,9	7,9

Balance Sheet										
Fixed assets	9,3	7,1	9,5	11,7	12,1	11,2	12,8	11,4	9,9	9,1
NWC	8,5	12,0	13,0	14,7	13,9	13,3	17,0	18,6	20,3	22,2
M/L Funds	(1,8)	(2,0)	(2,5)	(2,6)	(2,9)	(3,1)	(3,5)	(4,0)	(4,3)	(4,7)
NCE	16,1	17,2	20,0	23,8	23,1	21,5	26,4	26,0	25,8	26,7
Net Debt/(Cash)	8,1	8,1	9,5	6,5	1,9	(3,4)	(3,5)	(9,4)	(15,9)	(22,3)
Equity	8,0	9,1	10,5	17,3	21,1	24,9	29,8	35,4	41,7	49,0

Cash Flow										
Net Income	0,4	1,1	2,9	2,1	3,2	5,3	6,5	7,5	8,6	9,8
Non Cash Items	1,1	1,1	1,5	1,9	2,2	2,0	2,7	2,7	2,6	2,6
Change in NWC	2,4	(3,5)	(2,5)	(1,7)	0,8	0,6	(3,7)	(1,5)	(1,8)	(1,9)
FCFO	3,9	(1,2)	1,9	2,3	6,2	7,9	5,4	8,7	9,4	10,5
Capex	(1,1)	(1,1)	(2,2)	(3,9)	(2,3)	(1,0)	(3,8)	(0,8)	(0,7)	(1,5)
Other non c. assets	(2,3)	2,3	(0,3)	(0,0)	(0,0)	(0,0)	(0,0)	0,0	0,0	0,0
FCF	0,5	0,0	(0,6)	(1,6)	3,9	6,9	1,6	7,9	8,7	9,0
Dividend	0,0	0,0	0,0	0,0	0,7	1,6	1,9	2,3	2,6	2,9
Change in equity	0,0	0,0	(0,5)	4,7	(0,1)	(3,2)	(3,5)	(4,2)	(4,8)	(5,5)
Change in ND	0,5	0,0	(1,1)	3,0	4,5	5,3	0,1	5,9	6,5	6,4

Price	4,34									
Total shares (mn)	11,90									
EPS	0,03	0,1	0,2	0,2	0,3	0,4	0,5	0,6	0,7	0,8
DPS	-	-	-	0,0	(0,1)	(0,1)	(0,2)	(0,2)	(0,2)	(0,2)
FCF	0,0	0,0	(0,1)	0,3	0,4	0,4	0,0	0,5	0,5	0,5
Pay-out (cons. NP)	0%	0%	0%	0%	27%	31%	30%	30%	30%	30%

Ratios										
EBITDA margin	15,1%	15,5%	19,5%	14,1%	19,0%	21,3%	23,0%	23,3%	23,6%	23,9%
EBIT margin	9,7%	10,4%	14,8%	8,5%	12,9%	16,6%	18,0%	19,0%	19,7%	20,4%
Net Debt/Equity	101%	89%	90%	37%	9%	-14%	-12%	-27%	-38%	-46%
Net Debt/EBITDA	3,3	2,6	1,7	1,4	0,3	-0,4	-0,3	-0,7	-1,1	-1,4
Interest cover EBIT	3,0	4,9	10,3	8,7	20,0	32,6	18,1	53,2	60,7	69,0
ROCE	14%	16%	26%	13%	22%	40%	40%	52%	60%	66%
ROE	5%	12%	27%	12%	15%	21%	22%	21%	21%	20%

Growth Rates										
Sales	-6%	27%	11%	13%	1%	30%	15%	15%	10%	10%
Revenues (VoP)	-2%	21%	16%	9%	6%	21%	29%	1%	10%	10%
EBITDA	46%	30%	5%	-19%	37%	46%	25%	16%	11%	11%
EBIT	89%	36%	4%	-35%	54%	67%	25%	21%	14%	14%
Net Profit	1158%	188%	13%	-27%	52%	65%	23%	16%	14%	14%

Sales breakdown – Euro m

	FY22	%	FY21	%	FY20	%	FY19	%
Italy	18.6	38%	17.6	42%	10.2	31%	11.3	35%
Export	30.1	62%	24.7	58%	22.2	69%	20.7	65%
Total sales	48.7	100	42.2	100%	32.4	100%	32.0	100%

Source: Consolidated Group Data

Key Financials – Euro m

Income Statement	22A	21A	20A	19A
Sales	48.7	42.2	32.4	32.0
	yoy	15.3%	30.5%	12.8%
Revenues	56.8	44.0	36.3	34.4
EBITDA	11.2	9.0	6.2	4.5
	margin	23.0%	21.3%	14.1%
EBIT	8.8	7.0	4.2	2.7
Pre-tax Profit	8.3	6.8	4.0	2.4
Net Profit	6.5	5.3	3.2	2.1
Group's Net Profit	5.2	4.5	2.7	1.6

Balance Sheet	22A	21A	20A	19A
Net Working Capital	17.0	13.3	13.9	14.7
Fixed Net Assets	12.8	11.2	12.1	11.7
Funds	(3.5)	(3.1)	(2.9)	(2.6)
Net Capital Employed	26.4	21.5	23.1	23.8
Net Debt (Cash)	(3.5)	(3.4)	1.9	6.5
Total Equity	29.8	24.9	21.2	17.3
	of which Group's Equity	25.9	22.1	18.3
Sources	26.4	21.5	23.1	23.8

Source: Consolidated Group Data

Estimates Revision – Euro m

P&L Euro m	22E Old	22A New	23E Old	23E New	24E Old	24E New	25E New
Sales	46,5	48,7	50,2	56,0	54,2	61,6	67,8
	yoy	10%	8%	15%	8%	10%	25%
Revenues (VoP)	48,0	56,8	51,7	57,5	55,7	63,1	69,3
EBITDA	10,0	11,2	11,0	13,1	12,2	14,6	16,2
	margin	22%	22%	23%	23%	24%	24%
EBIT	8,1	8,8	9,1	10,6	10,3	12,1	13,8
	margin	17%	18%	18%	19%	20%	20%
Pre-tax profit (loss)	7,9	8,3	8,9	10,4	10,1	11,9	13,6
Net profit (loss)	5,7	6,5	6,4	7,5	7,2	8,6	9,8

Balance Sheet Euro m	22E Old	22A New	23E Old	23E New	24E Old	24E New	25E New
Fixed assets	11,9	12,8	10,8	11,4	9,8	9,9	9,1
NWC	16,7	17,0	17,9	18,6	19,3	20,3	22,2
M/L Funds	(3,3)	(3,5)	(3,5)	(4,0)	(3,7)	(4,3)	(4,7)
Net Capital Employed	25,2	26,4	25,2	26,0	25,4	25,8	26,7
Net Debt	(3,7)	(3,5)	(8,4)	(9,4)	(13,6)	(15,9)	(22,3)
Equity	28,9	29,8	33,6	35,4	38,9	41,7	49,0

PMI Capital Research estimates

VALUATION

Method	Weight	Price (Eu p.s.)	Equity Value (Eu m)
Multiple analysis EV/EBITDA and P/E 22/23/24 (@ 20% discount)	50%	9.89	117.6
DCF (WACC 8.01% and g 1.0%)	50%	7.90	94.0
Target Price	100%	8.89	105.8

Market Multiples

Companies	Country	Market Cap	Sales	Sales YoY	EBITDA %	EBIT %	NI %
			2022A	22/21	2022A	2021A	2022A
Alfa Laval AB	SWE	13.086,3	4.902	22%	21%	16%	9%
GEA Group Aktiengesellschaft	DEU	7.255,1	5.165	10%	12%	10%	7%
John Bean Technologies Corporation	US	3.140,3	2.068	31%	13%	9%	6%
Krones AG	DEU	3.453,1	4.209	16%	9%	5%	4%
Average		6.734	4.086	19%	14%	10%	7%
ILPRA	Italy	52	49	15%	23%	18%	11%

Companies	EV/EBITDA			P/E		
	22A	23E	24E	22A	23E	24E
Alfa Laval AB	14,8	14,4	13,5	22,6	20,6	22,6
GEA Group Aktiengesellschaft	9,0	9,2	8,8	17,6	16,7	17,6
John Bean Technologies Corporation	13,8	12,6	11,4	20,0	17,4	20,0
Krones AG	7,5	6,5	5,8	15,4	13,0	15,4
Average	11,2	10,7	9,9	18,9	16,9	18,9
ILPRA	4,3	3,7	3,3	10,0	8,6	7,6
<i>Premium/Discount to Peers</i>	-61%	-65%	-66%	-47%	-49%	-60%

FactSet and PMI Capita Research data as of March 29th, 2023. Group data and PMI Capital Research estimates for Ilpra

INDUSTRY COMPARISON

Ilpra Spa (ILP-IT): PMI Capital Research estimates and Factset Data

EGM Sector: average data for companies listed on EGM included in the Producer Manufacturing sub sector: ATON Green Storage (ATON-IT), Clabo (CLA-IT), Comer Industries (COM-IT), COFLE (CFL-IT), Esautomotion (ESAU-IT), Fervi (FVI-IT), Gel (GEL-IT), Gibus (GIBUS-IT), Jonix (JNX-IT), Marzocchi Pompe (MARP-IT), Nusco (NUS-IT), Omer (OMER-IT), OSAI Automation System (OSA-IT), Racing Force Group (RFG-IT), Sciuker Frames (SCK-IT), Serbino (SEB-IT), Tenax International (TNX-IT), Vimi Fasteners (VIM-IT).

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 Ilpra	Producer Manufacturing EGM Sector	Peers Avg	XS0072 FTSE Italia Growth
Key Financials				
Revenues	48,7	134,9	3.999	45,4
EBITDA	11,2	23,3	568	7,3
EBITDA %	23,0%	17,3%	14,2%	16,0%
EBIT	8,8	17,1	384	3,6
EBIT %	18,1%	12,7%	9,6%	7,8%
Earnings	6,5	11,3	283	2,2
Earnings %	13,3%	8,3%	7,1%	4,9%
Net Debt	(3,5)	17,3	383	5,5
ND/EBITDA	(0,3)	0,7	0,7	0,8
FY21-23 Revenues CAGR	15%	16%	12%	29%
FY22-24 Revenues CAGR	12%	6%	7%	15%
FY21-23 Earnings CAGR	18%	23%	15%	66%
FY22-24 Earnings CAGR	15%	7%	14%	31%
Market Data				
Market Cap	52,2	96,9	6.734	56,7
EV	48,7	107,0	6.259	60,9
Free Float	29,5%	25,6%	83,3%	33,8%
ADTT YTD (Eu k)	262	84	68.440	97
Market Multiples				
EV/Sales 2022	1,0	1,1	1,8	1,4
EV/Sales 2023	0,9	1,0	1,6	1,1
EV/Sales 2024	5,4	0,9	1,5	1,1
EV/EBITDA 2022	4,4	7,0	11,2	11,2
EV/EBITDA 2023	3,7	5,9	10,7	8,6
EV/EBITDA 2024	3,3	5,2	9,9	6,8
EV/EBIT 2022	5,5	13,4	15,9	17,4
EV/EBIT 2023	4,6	9,8	14,4	14,9
EV/EBIT 2024	4,0	7,8	13,0	9,6
P/E 2022	9,4	57,1	22,6	33,4
P/E 2023	8,1	23,5	19,0	18,0
P/E 2024	7,1	11,3	17,0	13,3
Earnings Yield	10,7%	1,8%	4,4%	3,0%
Stock Performance				
1D	0,0%	1,6%	1%	0,1%
1W	-0,9%	1,6%	5%	1,7%
1M	-4,4%	-2,8%	-1%	-0,3%
3M	-5,9%	0,1%	12%	1,0%
6M	17,3%	8,9%	28%	6,3%
YTD	-2,2%	-0,6%	13%	1,0%
1Y	8,5%	-20,6%	11%	-11,8%

FactSet and PMI Capital Research data as of March 29th, 2023.

Company Profile

ILPRA S.p.A., is an innovative SME specialized in the design and production of packaging machines for food, cosmetics, and medical applications. Headquartered in Mortara (Lombardy), and with 265 FTEs, the Group is currently among the principal players in the market thanks to its wide range of high-quality "Made in Italy" products and cutting-edge technological solutions. A continuous commitment to invest in R&D has allowed the Group to internally develop innovative packaging technologies and techniques ready to satisfy customers every need. Since foundation in 1955 the Group has been able to successfully expand in international markets and can now boast over 17.750 machines installed worldwide a widespread network of distributors and service centres and direct presence in 6 countries (Italy, UK, Hong Kong, UAE, India, and Russia). In FY22 Ilpra closed with consolidated revenues of Euro 49m, of which approx. 62% generated outside the domestic market, and an EBITDA of Euro 11 m, with an EBITDA margin of 23%. Net profit was of Euro 6.5 m with a net margin of 11% and a Net Cash position of Euro 3.5 m.

Strategy

Ilpra's Management is committed to a strategy based on three key strategic pillars:

Innovation: continuous investments in training, innovative technological tools and R&D activities

Quality: adapt production facilities to "Industry 4.0" requirements and introduction of Lean Manufacturing logics

Internationalization: opening of new subsidiaries abroad. Focus on France, Germany, Eastern Europe, Turkey, Australia, Central America, and the US.

External Growth: focus on targets which allow the Group to consolidate its competitive market position and expand its subsidiary network abroad.

Products

The Group focuses on the production of packaging machinery with particular focus on three main types: heat sealers, fillers, welders and thermoformers, covering most of the packaging market. Machines are designed to suit both customers who have small and medium productions and customers with high productivity automatic lines, integrating with other machinery for large volume productions.

To ensure maximum customer satisfaction and high-quality standards, machines are entirely designed in Italy in the Mortara plant. ILPRA offers a wide range of machines such as FoodPack Tray Sealer, Fill Seal Pot Filler, FormPack Thermoformer, Form Fill Seal, End Of Line as well as design of custom complete lines.

Innovation

As a registered innovative SME, ILPRA makes significant investments in R&D (over Euro 2.3 m in the last three years). The Group has developed the innovative patented ProGas technology which is based on an exclusive work cycle that can be applied to ILPRA's packaging machines. The Company has also developed E-Mec, a technology based entirely on the electro-mechanical motion of workstations. The R&D department works constantly to anticipate market trends and created technologically advanced systems and solutions. Management is currently focusing on the following areas of innovation:

- Development of new production lines
- Industry 4.0
- Environmental impact reduction policies
- Human resources growth and training

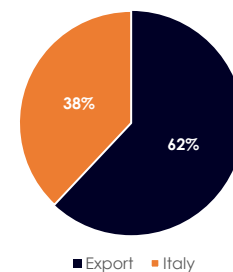
Board

- Maurizio Bertocco – President and CEO
- Gianluca Apicella – Board Member
- Liborio Livio Portera – Board Member
- Andrea Zini – Board Member
- Paolo Arata – Board Member
- Vittorio Vecchio – Board Member
- Carlo Alberto Carnevale Maffè – Independent Board Member

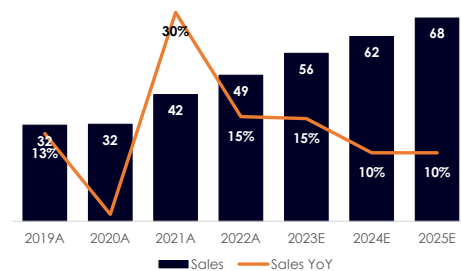
Key Shareholders

HOLDS S.r.l.	70.49%
Market	29.51%

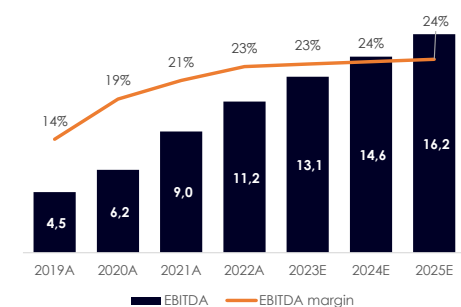
Sales breakdown FY22



Sales growth FY19A-25E (Eu m)



EBITDA growth FY19A – 25E (Eu m)



ILPRA ON EURONEXT GROWTH MILAN

IPO

Trading Market: Euronext Growth Milan
Date: February 15th, 2019
Price: 2.10
Capital raised: Euro 5.3 m
Capitalisation: Euro 25.3 m

SHARES (as of March 29th, 2023)

Code: ILP
Bloomberg: ILP IM
Reuters: ILP.MI
ISIN: IT0005359101
Shares: 12,038,600
Price: Euro 4.34
Performance from IPO: +107%
Capitalisation: Euro 52.3 m
Free Float 29.51%
EGA: Integrae Sim SpA

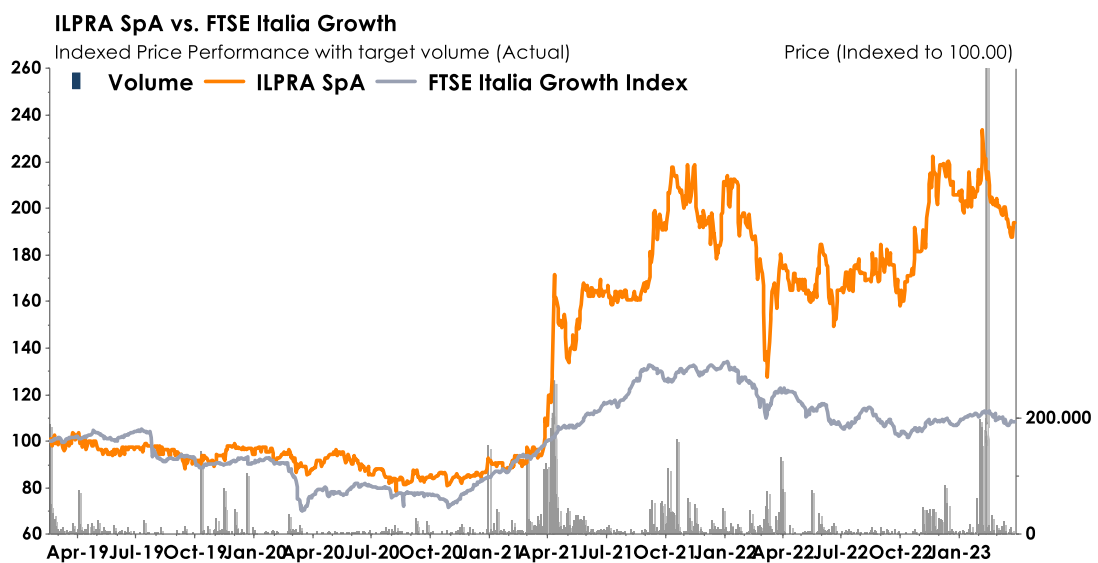
OWNERSHIP

Through the indirect holding in Holds Sri, the Bertocco family controls 70.49% of the shares. ILPRA Spa currently holds 141.600 own shares equal to a 1.18%% of the share capital.

Shareholder	N° of shares	%
HOLDS S.r.l.*	8.485.800	70,49%
Market	3.552.800	29,51%
Total	12.038.600	100,00%

Source: Company website as of March 30th, 2023. * Includes < 1% held directly by Maurizio Bertocco

STOCK PERFORMANCE



DISCLAIMER

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	Date	Target Price	Market Price	Validity Time
	March 30 th , 2002	8.89	4.32	12 months
	September 28 th , 2022	7.55	3.80	12 months
	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

VALUATION METHODOLOGY (HORIZON: 12M): IR Top obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models. 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:

Luisa Primi, (Senior Analyst, AIAF Associated)

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