

EQUITY RESEARCH

ILPRA
RESULTS REVIEW
 Press release
BUY**TP 7.0€**

Up/Downside: 35%

A strong 2023

In an inflationary context, Ilpra posted strong 2023 results. In fact, over the year revenues were up +27% to €62M, whilst the EBITDA margin remained relatively stable at 22.4% (vs 23% in FY 2022). Our Buy recommendation and TP are hereby confirmed.

Ilpra published yesterday their FY 2023 results, globally in line with our estimates. Revenues were up +27% to €62M (vs €58M estimated) as both the domestic market and international market performed well (up +29% and +26% respectively on FY 2022). Despite an inflationary context and investments made throughout the year (especially during the H1), the EBITDA increased to €13.9M (+14%). However, due to higher personnel and service costs, an increase in inventories (to maintain low time-to-market) of around €5.6M (raw materials, semi-finished and finished products), the EBITDA margin was slightly under pressure, resorting to 22.4% (vs 23% in FY 2022), a trend also observed during the H1. The increase in working capital and €7.7M deployed in M&A (acquisition of Pentavac and IDM Automation) inevitably had an impact on the group's net cash generation (-€4.9M), in turn increasing their net debt to €15M. The latter was also reflected in the net profit margin, which decreased to 10.5% (vs 13.3% in FY 2022). Despite a lower net profit and cash generation, the group was still able to remunerate investors with a €0.12 dividend (2.3% dividend yield and 43% payout ratio).

Going forward, the management's outlook remains positive. In fact, according to UCIMA, the global market for packaging machinery is still expected to grow at a +3% CAGR (2024-2027), with the cosmetics and food industries acting as main drivers. With 2023 marked by inflationary pressures, this trend is due to reverse in 2024, which should enable the group to quickly bounce back in terms of margins. We in fact estimate the EBITDA margin to bounce back to >23% in 2024. However, due to a strong net debt increase, our financial result estimates have inevitably been raised, putting pressure on our EPS. Following the opening of subsidiaries (in Saudi Arabia and South Korea) and M&A activity, we do expect the group to maintain the momentum into 2024, which could potentially give some upward pressure on the stock. Following a strong set of results and a positive outlook, we hereby confirm our Buy recommendation and target price of €7.

Key data

Price (€)	5.2
Industry	Industrial Machinery
Ticker	ILP-IT
Shares Out (m)	12.039
Market Cap (m €)	62.6
Average trading volumes (k shares / day)	7.200
Next event	FY23 cons - 29/04
Source:	FactSet

Ownership (%)

Holds Srl	70.5
Free float	29.5
Source:	TPICAP Midcap estimates

EPS (€)	12/23e	12/24e	12/25e
Estimates	0.33	0.54	0.60
Change vs previous estimates (%)	-37.44	-16.94	-13.97

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	1.0	3.0	1.0
Rel FTSE Italy	0.8	-3.6	-12.6



Source: FactSet

TP ICAP Midcap Estimates	12/22	12/23e	12/24e	12/25e	Valuation Ratio	12/23e	12/24e	12/25e
Sales (m €)	48.7	62.0	66.3	69.6	EV/Sales	1.3	1.2	1.1
Current Op Inc (m €)	8.8	9.3	12.2	12.9	EV/EBITDA	5.6	5.1	4.6
Current op. Margin (%)	18.0	15.0	18.4	18.5	EV/EBIT	8.4	6.4	5.8
EPS (€)	0.43	0.33	0.54	0.60	PE	15.5	9.7	8.7
DPS (€)	0.12	0.12	0.15	0.16	Source:	TPICAP Midcap		
Yield (%)	2.3	2.3	2.8	3.1				
FCF (m €)	1.8	-14.4	4.2	6.2				

Consensus FactSet - Analysts:2	12/23e	12/24e	12/25e
Sales	55.6	60.3	65.1
EBIT	10.4	11.6	12.8
Net income	6.0	6.7	7.5

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FINANCIAL DATA

Income Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Sales	32.4	42.2	48.7	62.0	66.3	69.6
Changes (%)	1.0	30.5	15.3	27.4	6.9	5.0
Gross profit	23.2	28.3	35.0	41.1	47.8	50.2
% of Sales	71.8	67.0	71.8	66.2	72.1	72.1
EBITDA	6.2	9.0	11.2	13.9	15.4	16.3
% of Sales	19.0	21.3	23.0	22.4	23.3	23.4
Current operating profit	4.2	7.0	8.8	9.3	12.2	12.9
% of Sales	12.9	16.6	18.0	15.0	18.4	18.5
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.2	7.0	8.8	9.3	12.2	12.9
Net financial result	-0.2	-0.2	-0.5	-1.9	-1.9	-1.7
Income Tax	-0.8	-1.5	-1.8	-1.9	-2.3	-2.5
Tax rate (%)	19.7	-22.4	-22.4	-22.4	-22.4	-22.4
Net profit, group share	2.7	4.5	5.2	4.0	6.5	7.2
EPS	0.22	0.37	0.43	0.33	0.54	0.60
Financial Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Goodwill	0.4	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	11.1	10.7	12.3	25.2	27.6	30.1
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.5	0.5	0.5	0.7	0.7	0.7
Working capital	15.2	13.3	17.0	29.5	31.3	31.7
Other Assets	0.2	0.0	0.0	0.0	0.0	0.0
Assets	27.5	24.5	29.9	55.3	59.5	62.5
Shareholders equity group	18.3	22.1	25.9	28.2	32.3	36.7
Minorities	2.8	2.7	3.9	5.9	7.4	9.0
LT & ST provisions and others	0.2	0.2	0.3	0.0	0.0	0.0
Net debt	1.9	-3.4	-3.5	15.3	15.9	12.5
Other liabilities	2.3	2.9	3.2	5.9	3.7	3.7
Liabilities	27.5	24.5	29.9	55.3	59.3	61.9
Net debt excl. IFRS 16	1.9	-3.4	-3.5	15.3	15.9	12.5
Gearing net	0.1	-0.1	-0.1	0.4	0.4	0.3
Leverage	0.3	-0.4	-0.3	1.1	1.0	0.8
Cash flow statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
CF after elimination of net borrowing costs and taxes	5.5	7.2	9.4	12.2	13.1	13.8
Δ WCR	0.3	0.3	-3.3	-11.9	-1.8	-0.4
Operating cash flow	5.8	7.4	6.1	0.3	11.3	13.3
Net capex	-2.3	-1.0	-3.8	-13.8	-5.2	-5.5
FCF	3.3	6.2	1.8	-14.4	4.2	6.2
Acquisitions/Disposals of subsidiaries	0.0	-0.0	-0.3	0.0	0.0	0.0
Other investments	0.0	-0.1	0.2	-0.7	-0.8	-0.6
Change in borrowings	2.7	1.2	1.1	12.2	0.0	0.0
Dividends paid	-0.3	-1.1	-2.0	-1.8	-1.4	-1.8
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	0.0	-0.2	-0.3	-0.1	0.0	0.0
Others	0.0	0.0	0.9	0.0	-0.4	-0.4
Change in net cash over the year	7.0	6.2	2.0	-3.9	3.4	5.1
ROA (%)	6.4%	9.3%	8.7%	6.0%	8.0%	8.3%
ROE (%)	15.1%	21.2%	21.7%	16.3%	20.2%	19.1%
ROCE (%)	13.5%	34.9%	36.0%	20.5%	25.0%	25.2%

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This Report may mention evaluation methods defined as follows:

1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
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.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
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 between TP ICAP Midcap and the Issuer

G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Ilpra

History of investment rating and target price – Ilpra



Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	79%	63%
Hold	18%	61%
Sell	1%	0%
Under review	1%	100%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

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