

EQUITY RESEARCH

ILPRA
TOP PICK
BUY
TP 8.0€ (vs 7.0€)
Up/Downside: 52%

A global player

Boasting more than 65 years of expertise in the production and sale of machinery for food, non-food and medical packaging products, ILPRA's continues to deliver strong results despite challenging contexts. We believe this upward trend will continue, supported by a solid M&A strategy and normalising raw material costs.

A consolidated know-how

Having sold more than 19k machines to date, ILPRA is one of the main players in their reference market. Since 2019, the group's revenues have almost doubled, reaching €62M in FY 2023, thanks to an established international footprint (61% of FY 2023 revenues generated abroad), a wide range of product and solutions and steady organic growth. Despite a challenging context observed throughout the year, we do believe their upward trend will pursue.

Constant M&A growth...

Since 2019, the group has been particularly active on the M&A front, with more than 8 acquisitions finalised since then. With an important M&A pipeline, we are confident that this momentum will continue. With more than €15M in cash (Cash Ratio @ 1.27x - abundantly covering current liabilities), the group still has room to stretch their leverage, which remains at low levels (1.1x at FY 2023).

...to increase their international exposure

Present in more than 129 countries, ILPRA has a global footprint. This feature will continue to be a core pillar in the group's growth strategy. In fact, earlier this year at our Annual Conference, the management underlined their intention of increasing international revenues (61% at FY 2023) to 75% within the next few years. The Spanish (and later LATAM) and Indian markets have been identified as important growth catalysts as they are highly fragmented and growing at a fast pace. The latter is projected to increase 2.5x by 2029, to reach \$86 billion (source: AIFPA).

Valuation still far from reflecting their true colours

Whilst the stock price has increased roughly +6% since January, we still believe the group, supported by steady volumes, the full integration of their subsidiaries (in Saudi Arabia, Korea, Spain and Italy) and an international reach, is significantly undervalued. Based on our estimates, the stock is valued at 8x (2024) and 7.5x (2025) EBIT, roughly -34% and -63% below our market peer mix. We hereby confirm our BUY recommendation and raise our TP to €8 (vs €7) following the update of market parameters.

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	62.0	66.3	69.6	72.9	EV/Sales	1.2	1.1	1.0
Current Op Inc (m €)	9.3	12.2	12.9	13.7	EV/EBITDA	5.1	4.6	4.1
Current op. Margin (%)	15.0	18.4	18.5	18.8	EV/EBIT	6.5	5.9	5.2
EPS (€)	0.33	0.54	0.60	0.66	PE	9.7	8.8	7.9
DPS (€)	0.12	0.15	0.16	0.18	Source: TPICAP Midcap			
Yield (%)	2.2	2.8	3.1	3.4				
FCF (m €)	-14.4	4.2	6.2	7.3				

Key data

Price (€)	5.3
Industry	Industrial Machinery
Ticker	ILP-IT
Shares Out (m)	12.039
Market Cap (m €)	63.2
Average trading volumes (k shares / day)	6.000
Next event	H1 2024 - 26/09
Source:	FactSet

Ownership (%)

Holds Srl	70.5
Free float	29.5
Source:	TPICAP Midcap estimates

EPS (€)	12/24e	12/25e	12/26e
Estimates	0.54	0.60	0.66
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	0.0	1.0	1.9
Rel FTSE Italy	0.6	-4.5	-10.3



Source: FactSet

Consensus FactSet - Analysts:2	12/24e	12/25e	12/26e
Sales	72.0	79.0	90.0
EBIT	11.5	13.1	15.7
Net income	6.1	7.0	8.6

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FINANCIAL DATA

Income Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales	42.2	48.7	62.0	66.3	69.6	72.9
Changes (%)	30.5	15.3	27.4	6.9	5.0	4.7
Gross profit	28.3	35.0	41.1	47.8	50.2	52.7
% of Sales	67.0	71.8	66.2	72.1	72.1	72.3
EBITDA	9.0	11.2	13.9	15.4	16.3	17.2
% of Sales	21.3	23.0	22.4	23.3	23.4	23.7
Current operating profit	7.0	8.8	9.3	12.2	12.9	13.7
% of Sales	16.6	18.0	15.0	18.4	18.5	18.8
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	7.0	8.8	9.3	12.2	12.9	13.7
Net financial result	-0.2	-0.5	-1.9	-1.9	-1.7	-1.5
Income Tax	-1.5	-1.8	-1.9	-2.3	-2.5	-2.7
Tax rate (%)	-22.4	-22.4	-22.4	-22.4	-22.4	-22.4
Net profit, group share	4.5	5.2	4.0	6.5	7.2	8.0
EPS	0.37	0.43	0.33	0.54	0.60	0.66
Financial Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	10.7	12.3	25.2	27.6	30.1	32.7
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.5	0.5	0.7	0.7	0.7	0.7
Working capital	13.3	17.0	29.5	31.3	31.7	31.7
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0
Assets	24.5	29.9	55.3	59.5	62.5	65.1
Shareholders equity group	22.1	25.9	28.2	32.5	37.3	43.0
Minorities	2.7	3.9	5.9	7.4	9.0	10.5
LT & ST provisions and others	0.2	0.3	0.0	0.0	0.0	0.0
Net debt	-3.4	-3.5	15.3	15.9	12.5	8.0
Other liabilities	2.9	3.2	5.9	3.7	3.7	3.7
Liabilities	24.5	29.9	55.3	59.5	62.5	65.1
Net debt excl. IFRS 16	-3.4	-3.5	15.3	15.9	12.5	8.0
Gearing net	-0.1	-0.1	0.4	0.4	0.3	0.1
Leverage	-0.4	-0.3	1.1	1.0	0.8	0.5
Cash flow statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
CF after elimination of net borrowing costs and taxes	7.2	9.4	12.2	13.1	13.8	14.5
Δ WCR	0.3	-3.3	-11.9	-1.8	-0.4	-0.0
Operating cash flow	7.4	6.1	0.3	11.3	13.3	14.5
Net capex	-1.0	-3.8	-13.8	-5.2	-5.5	-5.7
FCF	6.2	1.8	-14.4	4.2	6.2	7.3
Acquisitions/Disposals of subsidiaries	-0.0	-0.3	0.0	0.0	0.0	0.0
Other investments	-0.1	0.2	-0.7	-0.8	-0.6	-0.4
Change in borrowings	1.2	1.1	12.2	0.0	0.0	0.0
Dividends paid	-1.1	-2.0	-1.8	-1.4	-1.8	-1.9
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	-0.2	-0.3	-0.1	0.0	0.0	0.0
Others	0.0	0.9	0.0	-0.4	-0.4	-0.4
Change in net cash over the year	6.2	2.0	-3.9	3.4	5.1	6.0
ROA (%)	9.3%	8.7%	6.0%	8.0%	8.3%	na
ROE (%)	21.2%	21.7%	16.3%	20.1%	18.8%	na
ROCE (%)	34.9%	36.0%	20.5%	25.0%	25.2%	25.7%