

EQUITY RESEARCH

ILPRA
RESULTS REVIEW
Press release

BUY
TP 8.0€
Up/Downside: 58%

A solid H1

Yesterday afternoon, Ilpra published their H1 2024 results, highlighting stable total revenues (+0.8% YoY) and an optimised EBITDA margin at 22.1% (vs 20.6% at H1 2023). Part of our H2 selection, we hereby confirm our Buy recommendation and TP.

Operating revenues were down across the H1, with the Italy and International segments reporting a -7% and -7.7% decrease in revenues. Total revenues, on the other hand, were relatively stable compared to H1 2023, registering a +0.8% YoY growth, in line with our estimates (flat). The latter benefitted from an increase in inventory, in order to reduce the time to market across the H2. The management mentioned that the Q3 and the H2 as a whole should see an increase in volumes according to the latest statistics from UCIMA. Whilst the domestic and international markets saw a temporary slowdown across the H1, the group managed to optimise their EBITDA margin to 22.1% (vs 20.6%), despite volatile raw material prices, thanks to an efficient cost control and an optimised production. Following various investments (of which: the opening of a branch in South Korea, the acquisition of Ivaxia S.r.l. and the increase in participation in both Ilpra System Espana S.r.l. and Ilpra System UK Ltd) and an increase in inventory, the group's net debt increased to €19.6M (€15.5M at FY 2023). As the management expects a solid H2, we do estimate the net debt position to decrease by the end of the year, thanks to an inventory sellout.

In fact, as aforementioned, the outlook for the upcoming H2 and FY 2025 is positive. The latest UCIMA statistics places Italy in first place in terms of production growth (across July 2024) compared to other European peers, leaving the management optimistic over the short/medium term as they registered a strong order intake over the past few months. While the outlook is encouraging, we have slightly decreased our revenue estimates for FY 2024 to €64.2M (vs €66.3M) as a precautionary measure. Despite our adjustment, with roughly 55/60% of turnover and EBITDA generated across the H2, we are confident in the group's ability to deliver a strong FY.

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, a significant discount for a company with an international reach, steady volumes and a solid M&A strategy. As part of our H2 selection, we hereby confirm our Buy recommendation and TP of €8.

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	62.0	64.2	69.6	72.9	EV/Sales	1.2	1.1	0.9
Current Op Inc (m €)	9.3	12.0	12.9	13.7	EV/EBITDA	5.0	4.5	4.0
Current op. Margin (%)	15.0	18.6	18.5	18.8	EV/EBIT	6.3	5.7	5.0
EPS (€)	0.33	0.52	0.60	0.66	PE	9.6	8.5	7.6
DPS (€)	0.12	0.14	0.16	0.18	Source: TPICAP Midcap			
Yield (%)	2.3	2.8	3.2	3.5				
FCF (m €)	-14.4	5.3	5.1	7.3				

Key data

Price (€)	5.1
Industry	Industrial Machinery
Ticker	ILP-IT
Shares Out (m)	12.039
Market Cap (m €)	60.8
Average trading volumes (k shares / day)	6.000
Next event	FY 2024 - tbc
Source:	FactSet

Ownership (%)

Holds Srl	70.5
Free float	29.5
Source:	TPICAP Midcap estimates

EPS (€)

	12/24e	12/25e	12/26e
Estimates	0.52	0.60	0.66
Change vs previous estimates (%)	-2.77	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)

	1D	1M	YTD
Price Perf	-3.8	-1.9	-1.9
Rel FTSE Italy	-5.3	-4.6	-15.6



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

Analyst
Filippo Migliorisi
filippo.migliorisi@tpicap.com
+33149241801



FINANCIAL DATA

Income Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales	42.2	48.7	62.0	64.2	69.6	72.9
Changes (%)	30.5	15.3	27.4	3.5	8.5	4.7
Gross profit	28.3	35.0	41.1	46.5	50.2	52.7
% of Sales	67.0	71.8	66.2	72.5	72.1	72.3
EBITDA	9.0	11.2	13.9	15.2	16.3	17.2
% of Sales	21.3	23.0	22.4	23.7	23.4	23.7
Current operating profit	7.0	8.8	9.3	12.0	12.9	13.7
% of Sales	16.6	18.0	15.0	18.6	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	12.0	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	6.3	7.2	8.0
EPS	0.37	0.43	0.33	0.52	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	27.4	30.0	32.6
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	30.2	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	58.3	62.3	65.0
Shareholders equity group	22.1	25.9	28.2	32.3	37.2	42.8
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	14.8	12.5	7.9
Other liabilities	2.9	3.2	5.9	3.7	3.7	3.7
Liabilities	24.5	29.9	55.3	58.3	62.3	65.0
Net debt excl. IFRS 16	-3.4	-3.5	15.3	14.8	12.5	7.9
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	12.9	13.8	14.5
Δ WCR	0.3	-3.3	-11.9	-0.7	-1.5	-0.0
Operating cash flow	7.4	6.1	0.3	12.2	12.2	14.5
Net capex	-1.0	-3.8	-13.8	-5.0	-5.5	-5.7
FCF	6.2	1.8	-14.4	5.3	5.1	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	-1.7	-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	4.5	4.0	6.0
ROA (%)	9.3%	8.7%	6.0%	7.9%	8.3%	na
ROE (%)	21.2%	21.7%	16.3%	19.7%	18.9%	na
ROCE (%)	34.9%	36.0%	20.5%	25.1%	25.3%	25.8%

DISCLAIMER

Analyst certifications

This research report (the “Report”) has been approved by Midcap, a business division of TP ICAP (Europe) SA (“Midcap”), an Investment Services Provider authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (“ACPR”). By issuing this Report, each Midcap analyst and associate whose name appears within this Report hereby certifies that (i) the recommendations and opinions expressed in the Report accurately reflect the research analyst’s and associate’s personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's or associate’s compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst or associate in the Report.

Methodology

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%	65%
Hold	18%	66%
Sell	2%	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.

The history of ratings and target prices for the Issuers covered in this report are available on request at <https://researchtpicap.midcapp.com/en/disclaimer>.

General Disclaimer

This Report is confidential and is for the benefit and internal use of the selected recipients only. No part of it may be reproduced, distributed, or transmitted without the prior written consent of Midcap

This Report is published for information purposes only and does not constitute a solicitation or an offer to buy or sell any of the securities mentioned herein. The information contained in this Report has been obtained from sources believed to be reliable and public, Midcap makes no representation as to its accuracy or completeness. The reference prices used in this Report are closing prices of the day before the publication unless otherwise stated. All opinions expressed in this Report reflect our judgement at the date of the documents and are subject to change without notice. The securities discussed in this Report may not be suitable for all investors and are not intended to recommend specific securities, financial instruments, or strategies to particular clients. Investors should make their own investment decisions based on their financial situation and investment objectives. The value of the income from your investment may vary due to changes in interest rates, changes in the financial and operating conditions of companies and other factors. Investors should be aware that the market price of the securities discussed in this Report may be volatile. Due to the risk and volatility of the industry, the company, and the market in general, at the current price of the securities, our investment rating may not correspond to the stated price target. Additional information regarding the securities mentioned in this Report is available on request.

This Report is not intended for distribution or use by any entity who is a citizen or resident of, or an entity located in any locality, territory, state, country, or other jurisdiction where such distribution, publication, availability, or use would be contrary to or limited by law or regulation. Entity or entities in possession of this Report must inform themselves about and comply with any such restrictions, including MIFID II. This Report is only intended for persons who are Eligible Counterparties or Professional Clients within the meaning of MIFID II regulation. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. The Report is subject to restricted circulation. The research was conducted in accordance with the provisions of the Charter of good practices for sponsored research. Midcap has adopted effective administrative and organizational arrangements, including "information barriers", to prevent and avoid conflicts of interest regarding investment recommendations. The remuneration of financial analysts who participate in the preparation of the recommendation is not linked to the corporate finance activity.