


**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**

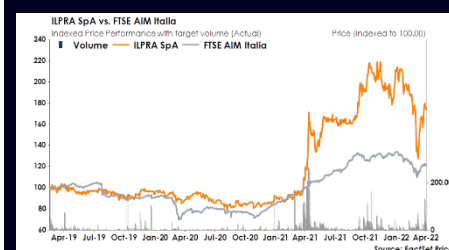
Market	Euronext Growth Milan
Reuters/Bloomberg	ILP:IM/ILP.MI
ISIN	IT0005359101
N. of Shares	12,038,600
Free Float	22.51%
CEO	Maurizio Bertocco

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