



1H22: ILPR4 continues to deliver solid results

Sector: Producer Manufacturing

ILPR4 continues its growth path: revenues +6% YoY and EBITDA margin at 22%. ILPR4 innovative SME specialized in the design and production of packaging machines for food, cosmetics, and medical applications, published another sound set of results with continuous growth despite a slowdown of its reference market (Ilpra +6% YoY vs. market -4% in 1H22 according to UCIMA). Sales came in a Euro 21.5 m up from Euro 20.3 m in 1H22 with growth mainly driven by export revenues which reached Euro 13.7 m, c. +13% YoY whereas sales in the domestic market saw a minor slowdown (Euro 7.8 m, -4% YoY) compared to last year which however enjoyed extraordinary demand driven by governmental incentives. Production Value reached Euro 26.3 m up by +21% (Euro 21.8 m in 1H21), mainly following sales growth and an increase of inventory as an effect of consolidating recent M&A (MACS) and the result of a strategy of maintaining of higher level of inventory to reduce time-to-market and to avoid shortages of raw material and electronic components. EBITDA stood at Euro 4.6 m, +6% YoY and posting an EBITDA margin of 21.4% (on sales), in line with prior year (21.6% in 1H21) and thus not by inflation as Management was able to timely implement the necessary measures to protect margins (increase in list price and commercial agreements with suppliers). Net Income was of Euro 2.6 m, in line with prior year. On the balance sheet, the Group presented a Net Debt of Euro 0.1 m, down from a cash position of Euro 3.4 m at FY21 following some NWC absorption (linked to the above-mentioned increase in inventory), M&A (total effect of Euro 1.4 m), and a dividend payments of c. Euro 2.0 m.

Positive outlook confirmed thanks to strong order backlog and recovery in market demand. Over the last 30 months Ilpra has shown extraordinary resilience and ability to navigate difficult and uncertain market conditions. After a period of consolidation, the Group recently resumed M&A activities (MACS) confirming Management's strong commitment to its external growth strategy. Thanks to this coupled with its position as one of the market leaders, continuous investments in R&D and relentless commitment to improve internal efficiency we believe Ilpra to be very well-positioned to benefit from and continue to exceed expected market growth. 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. In addition, the increase in energy costs, should not affect the Group significantly as most of the electricity need is covered by a proprietary PV plant. Management did not provide guidance for FY22 but expressed confidence about the business environment for the second half of 2022 based on an expected recovery in market demand in (UCIMA), full contribution of MACS (consolidated as of 2Q22) and a very strong order backlog.

Estimates adjusted for M&A; TP confirmed. We adjusted our estimates to include the positive impact of the MACS acquisition (9 months in FY22) whereas we confirm our previous assumptions for organic growth. Given the above we slightly increased our revenue forecast now assuming Euro 46.5 m in FY22 (Euro 45.6 m previously) while leaving unchanged our profitability. Overall, we increased our revenue, EBITDA and EPS forecast by an average +2% respectively. Finally, we added FY24 to our explicit forecast period. We confirm our Euro 7.55 p.s. target price, which is the result of a DCF and a peer comparison and which provides for an upside on current stock price of 99%. The stock is currently trading at FY22E/23E EV/EBITDA multiples of 4.6x and 4.2x at an average discount of 52% to peers.

Target Price 7.55 (7.55 pr.)

Market Cap (€ m) **46**

EV (€ m) **46**

Market Price (€) **3.80**

As of 27 September 2022

Share Data

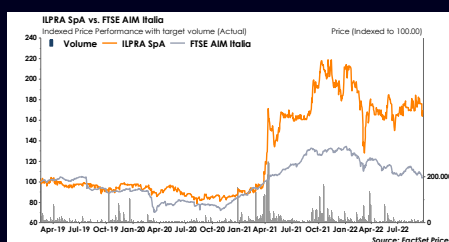
Market	Euronext Growth Milan
Reuters/Bloomberg	ILP:IM/ILP.MI
ISIN	IT0005359101
N. of Shares	12,038,600
Free Float	22.51%
CEO	Maurizio Bertocco

Financials

	21A	22E	23E	24E
Sales	42.2	46.5	50.2	54.2
YoY %	30%	10%	8%	8%
EBITDA	9.0	10.0	11.0	12.2
EBITDA %	21%	22%	22%	23%
EBIT	7.0	8.1	9.1	10.3
EBIT %	17%	17%	18%	19%
Net Income	5.3	5.7	6.4	7.2
Net D/(C)	(3.4)	(3.7)	(8.4)	(13.6)
Equity	24.9	28.9	33.6	38.9

Performance

	1M	3M	6M
Absolute %	-2%	+3%	+2%
Relative (FTSE Italia Growth)	+5%	+7%	+19%
52-week High/Low (Eu)	5.10	/	2.74



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