| Company: | Rating: | Target Price: | Sector: |
|---|---|---|---|
| Saccheria Franceschetti | BUY | €2.0 (unchanged) | Containers & Packaging |

# Revenues back on track

October 23, 2024 at 18.00

### 1H24 results affected by January-February supply challenges

In 1H24, revenues (pre-release in July) came in at €9.1mln and down by 7% yoy, conversely revenues were up 14% vs 2H23, reverting the down trend witnessed since 2022. The Company commented that 1H24 revenues were heavily impacted, especially in January and February, from supply difficulties linked to delayed delivery times due to attacks in the Red Sea, which increased costs and reduced volumes. The breakdown by product included: big bags €6.8mln (-6% yoy) down due to delayed deliveries, fertilizer bags €0.7mln (-19% yoy) down due to weather conditions, small bags €1mln (+50% yoy). Ecommerce continued to show solid growth in relative terms, with sales up by 12% yoy (vs flat yoy in 1Q24, vs 26% yoy in 1H23). EBITDA was €1.1mln and down by 15% yoy, EBITDA margin was 12.1% (vs 13.6% yoy). EBIT decreased by 18% yoy to €0.9mln with margin of 9.7% (vs 11% yoy). Net profit was €0.5mln, down by 29% yoy. Net debt decreased to €0.8mln (vs our €1.4mln at YE24) from €1.2mln at the end of December 2023 thanks to i) strong cash generation (with CFO/EBITDA at 85%), as operating NWC vs YE23 substantially stable at €6.4mln and longer DSO were offset by longer DPO, ii) Capex below €10k. The Company commented that factors that negatively affected 1H24 margins and top line are likely to persist in 2H24, though during 2H24 Saccheria expects to benefit from the Poste contract. Moreover, the Company confirmed its commitment to find a European target for M&A activities.

### Most of 2023 revenues recovered in 9M24

After the abrupt beginning of 2024 which drove the top line decline, the situation steadily improved, as confirmed by revenues of 9M24. During this period revenues were down 1% yoy to €13.3mln. 3Q24 was up 14% yoy and recovered most of sales lost in 1H24. 9M24 represented 74% of our FY24E (€18.1mln), while 9M23 was 76% of FY23. The breakdown by main products is: €10mln big bags (flat yoy), €0.9mln fertilizer bags (flat yoy) and €1.3mln small bags (+30% yoy). Finally, the Company said ecommerce was up +20% yoy.

### European ecommerce expansion or M&A

Saccheria's strategy foresees international expansion of ecommerce capitalizing on the €1bn European Market. Further cost efficiencies might be unlocked thanks to investments in technology and potential M&A. In its 1H24 earnings release, Saccheria reiterated its commitment to finding a European target. In April 2024, the Company reached an agreement with labor unions to allow voluntary resignations, including severance pay.

### FY24E EBITDA increased by 6%

We only fine-tuned our FY24E at EBITDA margin level, which is now seen at 12.1% from previous 11.4%, aligning it to 1H24 results. This leads to a FY24E EBITDA of €2.2mln (+6% vs old estimate) and €1.1mln Net income (+9% vs old estimate). Finally, we adjusted DPO which along with better marginality forecasts improved our FY24E Net debt, now seen €1.1mln from previous €1.4mln. We confirm our previous estimates for FY25E-FY26E, we also added FY27E with the same assumptions of FY26E.

### Valuation: 12-month target price confirmed at €2; BUY

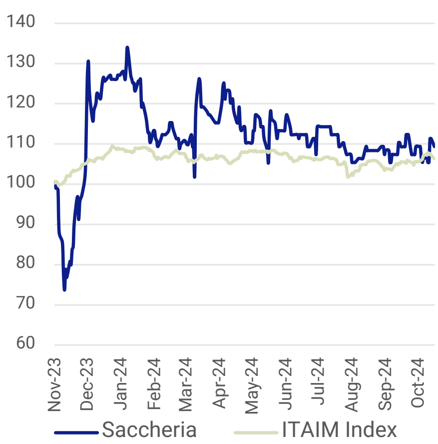
We value Saccheria using a DCF and a market multiples approach based on a sample of listed international companies. We run the DCF model (7.3% WACC and TV €1.4mln FCF) ending up with an Equity Value of €22.8mln or 2.6/sh (from €2.4) [*Refer to Initial Coverage on April, 15th 2024*]. For the MM valuation we considered the average EV/EBITDA25E from our chosen comparables, estimating an Equity Value of €12.9mln or €1.5/sh (unchanged). We took the average between DCF and relative market multiples valuation and ended up with an Equity Value of €17.9mln or €2/sh (unchanged). Given the potential upside on Saccheria closing price (as of October 23, 2024), we set our recommendation to BUY. Saccheria trades at a 5.1x EV/EBITDA 25E, a slight discount vs comparables (6x).

**Company Profile**

| | |
|---|---|
| Bloomberg | SAC IM |
| FactSet | SAC-IT |
| Stock Exchange | Italian Stock Exchange |
| Reference Index | FTSE Italia Growth |
| **Market Data** | |
| Last Closing Price | 1.16 |
| Number of shares (mln) | 8.9 |
| Market cap. (mln) | 10.3 |
| **12M Performance** | |
| Absolute | 8% |
| Max / Min | 1.36 / 0.75 |

| *(€,k)* | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|---|---|---|---|---|
| **Total revenues** | 23,342 | 18,047 | 18,255 | 19,519 | 20,678 |
| *yoy (%)* | *20.1%* | *-22.7%* | *1.2%* | *6.9%* | *5.9%* |
| **EBITDA** | 2,388 | 2,291 | 2,191 | 2,343 | 2,668 |
| *margin (%)* | *10.3%* | *12.9%* | *12.1%* | *12.1%* | *13.0%* |
| **EBIT** | 1,797 | 1,809 | 1,761 | 1,897 | 2,205 |
| *margin (%)* | *7.8%* | *10.2%* | *9.8%* | *9.8%* | *10.8%* |
| **Net profit** | 1,238 | 1,113 | 1,079 | 1,201 | 1,446 |
| *margin (%)* | *5.3%* | *6.3%* | *6.0%* | *6.2%* | *7.1%* |
| **Net debt** | 5,345 | 1,218 | 1,086 | 787 | 140 |
| Equity | 8,832 | 9,382 | 9,587 | 10,464 | 11,550 |
| **Capex** | (484) | (83) | (125) | (125) | (125) |
| FCF | 1,162 | 4,965 | 1,215 | 827 | 1,175 |

**1-Year Performance**

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# Contents

# SWOT analysis

| STRENGTHS | WEAKNESSES |
| --- | --- |
| • Scalable warehouse automation<br>• Good brand awareness<br>• Among three top players in Italy<br>• First mover advantage in e-commerce<br>• Reduced operating costs thanks to technology and automation | • Revenues concentrated in Italy |
| **OPPORTUNITIES** | **THREATS** |
| • Expansion of e-commerce in new countries<br>• Local and international acquisitions | • Headwinds from EU Directives on packaging waste<br>• Introduction of a plastic tax |

# Interim Results

## 1H24 Results

The Company commented that factors that negatively affected 1H24 margins and top line will likely persist in 2H24, though during 2H24 Saccheria expects to benefit from the Poste contract. Moreover, the Company confirmed its commitment to find a European target for M&A activities.

**YoY revenue down 7%, up by 14% vs 2H23**

In 1H24, revenues (pre-release in July) came in at €9.1mln and down by 7% yoy, conversely revenues were up 14% vs 2H23, reverting the down trend witnessed since 2022. The Company commented that 1H24 revenues were heavily impacted, especially in January and February, from supply difficulties linked to delayed delivery times due to attacks in the Red Sea, which increased costs and reduced volumes.

The breakdown by product included: big bags €6.8mln (-6% yoy) down due to delayed deliveries, fertilizer bags €0.7mln (-19% yoy) down due to weather conditions, small bags €1mln (+50% yoy).

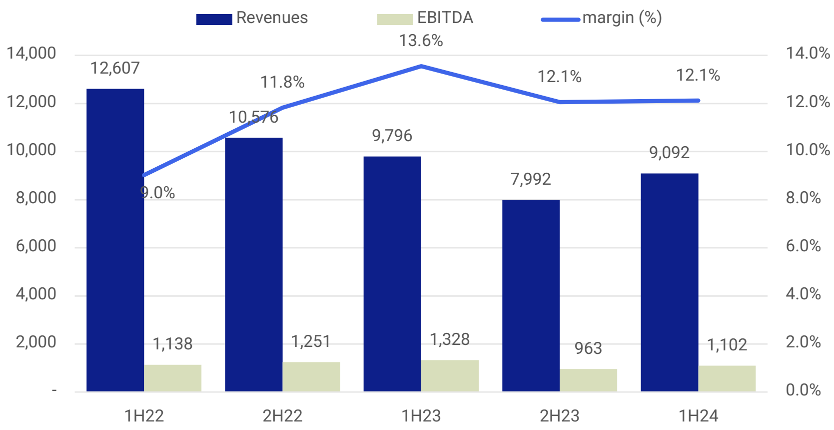
**Ecommerce continues to show growth**

Ecommerce continued to show solid growth in relative terms, with sales up by 12% yoy (vs flat yoy in 1Q24, vs 26% yoy in 1H23).

**EBITDA margin at 12.1%, -1.5pp yoy but flat vs 2H23**

EBITDA was €1.1mln (52% of our FY24E at €2.1mln) and down by 15% yoy, EBITDA margin was 12.1% (vs 13.6% yoy). EBIT decreased by 18% yoy to €0.9mln with margin of 9.7% (vs 11% yoy). Net profit was €0.5mln, down by 29% yoy.

**Figure 1: Revenues, EBITDA and margin (€,k)**




*Source: Banca Profilo elaborations on company data*

**Net debt improves to €0.8mln**

Net debt decreased to €0.8mln from €1.2mln at the end of December 2023 thanks to i) strong cash generation (with CFO/EBITDA at 85%), as operating NWC vs YE23 substantially stable at €6.4mln and longer DSO were offset by longer DPO, ii) Capex below €10k.

**Table 1: Income Statement 1H22-1H24 (€,k)**

| Saccheria Franceschetti | 1H22 | 2H22 | 1H23 | 2H23 | 1H24 |
|---|---|---|---|---|---|
| Revenues | 12,607 | 10,576 | 9,796 | 7,992 | 9,092 |
| Other revenues | 51 | 108 | 220 | 39 | 164 |
| **Total revenues** | **12,658** | **10,684** | **10,016** | **8,031** | **9,256** |
| yoy (%) | n.a. | n.a. | -20.9% | -24.8% | -7.6% |
| Material costs | (8,330) | (6,773) | (6,234) | (4,942) | (5,779) |
| Costs of services | (2,472) | (1,847) | (1,592) | (1,378) | (1,494) |
| Cost for the use of third-part assets | (21) | (24) | (27) | (28) | (31) |
| Labour costs | (648) | (706) | (752) | (641) | (786) |
| Other operating expenses | (49) | (84) | (84) | (78) | (64) |
| **EBITDA** | **1,138** | **1,251** | **1,328** | **963** | **1,102** |
| margin (%) | 9.0% | 11.8% | 13.6% | 12.1% | 12.1% |
| yoy (%) | n.a. | n.a. | 16.7% | -23.0% | -17.0% |
| D&A | (236) | (316) | (226) | (229) | (195) |
| Write off | (15) | (24) | (30) | 3 | (30) |
| **EBIT** | **887** | **910** | **1,072** | **737** | **877** |
| margin (%) | 7.0% | 8.5% | 10.7% | 9.2% | 9.6% |
| yoy (%) | n.a. | n.a. | 20.9% | -19.0% | -18.2% |
| Net financial expenses | 31 | (75) | (96) | (174) | (91) |
| Taxes | (263) | (252) | (281) | (145) | (238) |
| **Net profit** | **655** | **583** | **695** | **418** | **548** |
| margin (%) | 5.2% | 5.5% | 7.1% | 5.2% | 6.0% |

*Source: Company Data*

**Table 2: Balance Sheet FY22-1H24 (€,k)**

| Saccheria Franceschetti | 2022 | 1H23 | 2023 | 1H24 |
|---|---|---|---|---|
| Tangible | 5,113 | 5,060 | 4,913 | 4,789 |
| Intangibles | 481 | 418 | 342 | 282 |
| Financials | 143 | 143 | 1 | 1 |
| **Fixed assets** | **5,737** | **5,622** | **5,256** | **5,072** |
| Inventory | 4,512 | 3,722 | 3,680 | 3,776 |
| Accounts receivable | 7,626 | 5,739 | 5,248 | 5,679 |
| Accounts payable | (2,511) | (1,613) | (2,548) | (3,110) |
| **Operating net working capital** | **9,627** | **7,848** | **6,380** | **6,345** |
| Other current assets (liabilities) | (362) | (636) | (359) | (541) |
| Other liabilities | (824) | (839) | (819) | (797) |
| Other assets | - | - | 142 | 142 |
| **Net Invested capital** | **14,177** | **11,995** | **10,600** | **10,221** |
| **Equity** | **8,832** | **9,359** | **9,382** | **9,441** |
| **Net debt (cash)** | **5,345** | **2,636** | **1,218** | **780** |

*Source: Company Data*

## 9M24 revenues

**Revenues back on track in 9M24**

During 9M24 revenues were down 1% yoy to €13.3mln. Nevertheless, 3Q24 revenue rose by 14% yoy, recovering most of the 1H24 decline. 9M24 represented 74% of our FY24E (€18.1mln), while 9M23 was 76% of FY23. In 9M24 revenue breakdown by products shows:

€10mln big bags (flat yoy), €0.9mln fertilizer bags (flat yoy) and €1.3mln small bags (+30% yoy). Finally, the Company said ecommerce was up +20% yoy.

# Strategies and Estimates

## Strategies

**Agreement with labor unions**

In April 2024, the Company reached an agreement with labor unions to allow voluntary resignations to certain employees, which include severance pay.

**Local market leadership**

Saccheria, with its long-standing historical presence, has secured a prominent position among the top 3 largest FIBC operators in Italy. Additionally, being the sole company with a B2B e-commerce platform further solidifies its competitive edge. This strategic advantage allows them to tap into digital channels for sales, customer engagement and operational efficiency.

**Commitment for European target**

Saccheria's strategy foresees international expansion of ecommerce capitalizing on the €1bn European Market, further cost efficiencies might be unlocked thanks to investments in technology and potential M&A. In its 1H24 earnings release the Company reiterated its commitment to find a European target for M&A activities.

**Focus on further technological improvements**

Since Luigi and Luisa joined the Company underwent a technological makeover which led to substantial improvements in efficiency and margins. Moreover, the company leverages AI to process data in order to predict customers behavior, with the aim of optimizing warehouse rotation, organize order fulfillment times and set pricing. Seeing that the management launched a spin-off of internal software confirms our view of the competence but most importantly on their passion for the subject. According to the management there is still room to deliver further improvements.

**Strong cash generation also thanks to low capex**

Most of Saccheria's sales are generated through its trading activities, resulting in low expected capex requirements, likely driven by IT investments given the management's demonstrated interests. This explains the Company's strong cash generation capacity, which supports future dividends and can enable acquisitions.

## FY24E-27E estimates update

**FY24E EBITDA margin improved to 12.1%**

We only fine-tuned our FY24E at EBITDA margin level, which is now seen at 12.1% from previous 11.4%, aligning it to 1H24 results. This leads to a FY24E EBITDA of €2.2mln (+6% vs old estimate) and €1.1mln Net income (+9% vs old estimate). Finally, we adjusted DPO which along with better marginality forecasts improved our FY24E Net debt, now seen €1.1mln from previous €1.4mln.

We confirm our previous estimates for FY25E-FY26E, we also added FY27E with the same assumptions of FY26E.

**Table 3: Income Statement FY23-27E (€,k)**

| Income Statement | 2023 | 2024E old | 2024E new | 2025E old | 2025E new | 2026E old | 2026E new | 2027E new |
|---|---|---|---|---|---|---|---|---|
| Revenues | 17.8 | 18.1 | 18.1 | 19.3 | 19.3 | 20.5 | 20.5 | 21.7 |
| yoy (%) | -23.3% | 1.5% | 1.5% | 7.0% | 7.0% | 6.0% | 6.0% | 6.0% |
| Other revenues | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| **Total revenues** | **18.0** | **18.3** | **18.3** | **19.5** | **19.5** | **20.7** | **20.7** | **21.9** |
| Material costs | (11.2) | (11.3) | (11.3) | (12.1) | (12.1) | (12.8) | (12.8) | (13.6) |
| Costs of services | (3.0) | (3.1) | (3.0) | (3.3) | (3.3) | (3.5) | (3.5) | (3.7) |
| Cost for the use of third-part assets | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) |
| Labour costs | (1.4) | (1.5) | (1.5) | (1.5) | (1.5) | (1.4) | (1.4) | (1.5) |
| Other operating expenses | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) |
| **EBITDA** | **2.3** | **2.1** | **2.2** | **2.3** | **2.3** | **2.7** | **2.7** | **2.8** |
| margin (%) | 12.9% | 11.4% | 12.1% | 12.1% | 12.1% | 13.0% | 13.0% | 13.1% |
| yoy (%) | -4.1% | -10.0% | -4.4% | 13.6% | 7.0% | 13.9% | 13.9% | 6.4% |
| D&A | (0.5) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) |
| Write off | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) |
| **EBIT** | **1.8** | **1.6** | **1.8** | **1.9** | **1.9** | **2.2** | **2.2** | **2.4** |
| margin (%) | 10% | 9% | 10% | 10% | 10% | 11% | 11% | 11% |
| yoy (%) | 1% | -10% | -3% | 16% | 8% | 16% | 16% | 11% |
| Net financial expenses | (0.3) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.2) | (0.1) |
| Taxes | (0.4) | (0.4) | (0.4) | (0.5) | (0.5) | (0.6) | (0.6) | (0.7) |
| Tax rate (%) | -28% | -29% | -29% | -29% | -29% | -29% | -29% | -29% |
| **Net profit** | **1.1** | **1.0** | **1.1** | **1.2** | **1.2** | **1.4** | **1.4** | **1.6** |
| margin (%) | 6.3% | 5.5% | 6.0% | 6.2% | 6.2% | 7.1% | 7.1% | 7.5% |
| yoy (%) | -10.1% | -11.2% | -3.1% | 21.6% | 11.3% | 20.4% | 20.4% | 13.3% |

*Source: Banca Profilo estimates*

### Table 4: Balance Sheet FY23-27E (€,k)

| Balance Sheet | 2023 | 2024E old | 2024E new | 2025E old | 2025E new | 2026E old | 2026E new | 2027E new |
|---|---|---|---|---|---|---|---|---|
| Tangible | 4.9 | 4.6 | 4.6 | 4.4 | 4.4 | 4.2 | 4.2 | 4.0 |
| Intangibles | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 |
| Financials | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Fixed assets** | **5.3** | **4.9** | **4.9** | **4.6** | **4.6** | **4.3** | **4.3** | **4.1** |
| Inventory | 3.7 | 4.0 | 4.0 | 4.2 | 4.2 | 4.5 | 4.5 | 4.8 |
| Accounts receivable | 5.2 | 5.7 | 5.7 | 6.1 | 6.1 | 6.5 | 6.5 | 6.8 |
| Accounts payable | (2.5) | (2.6) | (2.8) | (2.6) | (2.6) | (2.5) | (2.5) | (2.6) |
| **Operating net working capital** | **6.4** | **7.0** | **6.9** | **7.8** | **7.8** | **8.4** | **8.4** | **9.0** |
| Other current assets (liabilities) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) |
| Other liabilities | (0.8) | (0.9) | (0.9) | (0.9) | (0.9) | (0.9) | (0.9) | (0.9) |
| Other assets | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| **Net Invested capital** | **10.6** | **10.8** | **10.7** | **11.3** | **11.3** | **11.7** | **11.7** | **11.9** |
| Equity | 9.4 | 9.5 | 9.6 | 10.4 | 10.5 | 11.5 | 11.5 | 12.8 |
| Net debt (cash) | 1.2 | 1.4 | 1.1 | 0.9 | 0.8 | 0.2 | 0.1 | (0.8) |

*Source: Banca Profilo estimates*

### Table 5: FCF forecasts FY22-FY29E (€,k)

| | 2023 | 2024E old | 2024E new | 2025E old | 2025E new | 2026E old | 2026E new | 2027E old | 2027E new | 2028E old | 2028E new | 2029E old | 2029E new |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EBIT | 1.8 | 1.6 | 1.8 | 1.9 | 1.9 | 2.2 | 2.2 | 2.4 | 2.4 | 2.6 | 2.6 | 2.8 | 2.8 |
| Taxes | (0.4) | (0.4) | (0.4) | (0.5) | (0.5) | (0.6) | (0.6) | (0.7) | (0.7) | (0.7) | (0.7) | (0.8) | (0.8) |
| **NOPAT** | **1.4** | **1.2** | **1.3** | **1.4** | **1.4** | **1.6** | **1.6** | **1.8** | **1.8** | **1.9** | **1.9** | **2.0** | **2.0** |
| D&A | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Change in NWC | 3.2 | (0.6) | (0.4) | (0.7) | (0.9) | (0.7) | (0.7) | (0.5) | (0.5) | (0.5) | (0.5) | (0.6) | (0.6) |
| Change in other | (0.0) | 0.1 | 0.1 | 0.0 | 0.0 | (0.1) | (0.1) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Capex | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) |
| **FCF** | **5.0** | **0.9** | **1.2** | **1.0** | **0.8** | **1.2** | **1.2** | **1.6** | **1.6** | **1.6** | **1.6** | **1.7** | **1.7** |

*Source: Banca Profilo elaborations and estimates on Company data*

**Risks and upside**

The primary downside risks to our projections include potential shipping delays, increased container costs and the implementation of a plastic tax, which could lead to a decrease in either margins or volumes. The main upside risks encompass the early realization of contract sales with Poste, the potential for securing an additional contract with Poste, a quicker than expected normalization of shipping costs and the successful completion of an acquisition.

# Valuation

**DCF and market multiples**

We carry out the valuation of Saccheria using both a DCF method and a relative market multiples approach based on a sample of listed international companies "comparable" to Saccheria.

**TP €2/sh (unchanged), BUY**

We took the simple average between DCF and relative market multiples valuation and ended up with a TP of €2/sh (unchanged). Given the significant potential upside on Saccheria closing price (as of October 23, 2024), we confirm our recommendation to BUY.

**Table 6: Valuation**

| Valuation | |
|---|---|
| Weight (Multiples) | 50% |
| Equity value (DCF) (€,mln) | 22.8 |
| Equity value (Multiples) (€,mln) | 12.9 |
| **Average (€,mln)** | **17.9** |
| Number of shares (mln) | 8.9 |
| **TP (€)** | **2.0** |

*Source: Banca Profilo elaborations and estimates on Company data*

## DCF

**Cumulated FCFs of €6.9mln, €1.4mln TV**

To run the DCF model we use our projections of FCFs for the FY25-29E period: €6.9mln of cumulated FCFs. We consider the average FCF of €1.4mln (from €1.3mln) as the Terminal Value cash flow.

**7.3% WACC**

We use a 7.3% WACC (unchanged), derived from:

- risk free rate at 4.3% (from 4.4%), as implicitly expected by consensus on the 30Y Italian BTP yield curve in a scenario of next-to come easing monetary policy;
- market risk premium equal to 5.5%;
- beta of 0.7 (unchanged) coming from the average of chosen listed peers;
- target Debt to Equity structure of 30%.

**DCF valuation: €2.6/share**

Considering the DCF valuation we end up with an EV of €23.9mln. After subtracting net debt of €1.1mln (end of FY24E), we estimate an equity value of €22.8mln (vs previous €21.6mln) or €2.6/sh.

**Table 7: Discounted Cash Flows FY25-29E (€,mln)**

| DCF Valuation | 2025E | 2026E | 2027E | 2028E | 2029E | TV |
|---|---|---|---|---|---|---|
| Free Cash Flows | 0.8 | 1.2 | 1.6 | 1.6 | 1.7 | 1.4 |
| Years (#) | 1 | 2 | 3 | 4 | 5 | - |
| Discount factor | 0.93 | 0.87 | 0.81 | 0.75 | 0.70 | - |
| Terminal Value | | | | | | 26.2 |
| NPV | 0.8 | 1.0 | 1.3 | 1.2 | 1.2 | 18.4 |
| **Sum of NPVs (€ mln)** | **0.8** | **1.8** | **3.0** | **4.3** | **5.5** | **23.9** |

*Source: Banca Profilo elaborations and estimates*

**Table 8: DCF Valuation**

| DCF Valuation | |
|---|---|
| Enterprise Value (€,mln) | 23.9 |
| Net debt (cash) (€,mln) | 1.1 |
| Equity Value (€,mln) | 22.8 |
| Number of shares (mln) | 8.9 |
| **Price per share (€)** | **2.6** |

**Table 9: WACC Calculation**

| WACC Calculation | |
|---|---|
| Perpetual growth rate | 2.0% |
| Risk free rate (30Y) | 4.3% |
| Equity risk premium | 5.5% |
| Levered Beta | 0.7 |
| KE | 8.4% |
| Cost of debt | 5.2% |
| Tax rate | 29.0% |
| KD | 3.7% |
| Target D/E | 30.0% |
| **WACC** | **7.3%** |

*Source: Banca Profilo elaborations and estimates*

## Market multiples

**Market multiples valuation: €1.5/share**

Considering the sample of peers, the EV/EBITDA 2025E is 6x (as of October 23, 2024), pointing to an EV of €14mln. After subtracting FY24E net debt of €1.1mln, we estimate an equity value of €12.9mln or €1.5/sh (unchanged).

**Table 10: Revenue growth and EBITDA margin**

| | Revenue Growth | | | | EBITDA Margin | | | |
|---|---|---|---|---|---|---|---|---|
| | **2022** | **2023** | **2024E** | **2025E** | **2022** | **2023** | **2024E** | **2025E** |
| DS Smith | 21.2% | 13.5% | -12.2% | 4.8% | 12.0% | 14.3% | 14.0% | 15.1% |
| Cabka | 22.4% | -5.7% | -6.6% | 6.7% | -7.4% | 10.1% | 13.0% | 14.4% |
| Grifal | 41.5% | 2.5% | 3.0% | 23.4% | 11.8% | 14.5% | 14.0% | 14.8% |
| Billerud Aktiebolag | 62.5% | -3.2% | 4.3% | 3.7% | 19.2% | 8.5% | 11.7% | 13.5% |
| Mayr Melnhof Karton | 52.5% | -11.1% | 0.4% | 4.0% | 15.1% | 10.0% | 10.7% | 12.5% |
| BEWi | 40.4% | 5.2% | -5.2% | 7.3% | 11.0% | 9.2% | 9.4% | 12.6% |
| **Mean** | **38.2%** | **-1.5%** | **-2.7%** | **8.3%** | **11.1%** | **11.9%** | **12.1%** | **13.8%** |
| Saccheria | 20.1% | -22.7% | 1.2% | 6.9% | 10.3% | 12.9% | 12.1% | 12.1% |

*Source: Bloomberg, Banca Profilo elaborations and estimates*

**Table 11: Market multiples valuation**

| | EV/EBITDA | | | |
|---|---|---|---|---|
| | **2023** | **2024** | **2025** | **12M** |
| DS Smith | 6.9 | 8.6 | 7.6 | 8.5 |
| Cabka | 6.1 | 5.1 | 4.3 | 6.1 |
| Grifal | 7.5 | 7.6 | 5.8 | 7.8 |
| Billerud Aktiebolag | 9.2 | 6.6 | 5.5 | 8.6 |
| Mayr Melnhof Karton | 7.1 | 6.6 | 5.5 | 7.4 |
| BEWi | 9.7 | 10.2 | 7.1 | 10.7 |
| Mean | 7.8 | 7.5 | 6.0 | 8.2 |
| **Saccheria** | **4.6** | **5.5** | **5.1** | **4.9** |

| Multiples Valuation | |
|---|---|
| **EV/EBITDA 25** | **6.0x** |
| EBITDA 25E (€,mln) | 2.3 |
| Enterprise Value (€,mln) | 14.0 |
| Net Debt FY24E (€,mln) | 1.1 |
| Equity Value (Multiples) (€,mln) | 12.9 |
| Number of shares | 8.9 |
| **Price per share (Multiples)** | **1.5** |

*Source: Bloomberg, Banca Profilo elaborations and estimates*

# The reference market

## FIBC Market

**FIBC is the reference market, potential substitute to cardboard boxes**

The reference market is represented by the FIBC (Flexible intermediate bulk container) sector. Saccheria's Big Bags and Fertilizer Bags are both classified as FIBC, and they represent more than 75% of its revenues. The main alternative to FIBC are Gaylord boxes, made of corrugated cardboard, usually single use and sized to fit on top of standard pallets. Pallet size boxes usually can contain up to 2,200kg, wall thickness varies depending on the application.

**Global market to grow at 5.2%, European at 4.6% 23F-28F CAGR**

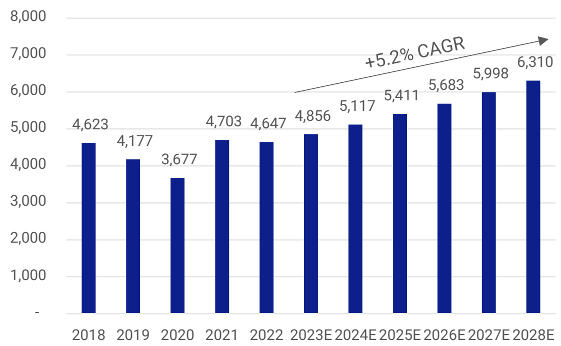
The global FIBC consumption is estimated at $4.7bn in 2022 and is expected to grow at a CAGR of 5.2% over the period 2023-2028. Market value in Europe in 2022 was estimated at €1bn and is seen growing at 4.6% in 23F-28F.

**FIBC are cost effective in shipping and easy to adopt**

Growth of FIBC is driven by their intrinsic characteristics, which include:

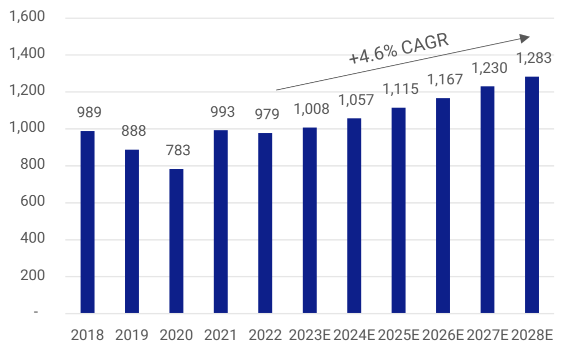
- Cost-effectiveness in shipping: pallets may not be required, this leads to lower weight compared to a cardboard gaylord box;
- Easy to adopt: drop in replacement for paper-based packaging material;
- Good handling: top loops ensure easy-handling with forklifts and cranes;
- Resistance: polypropylene is resistant to chemicals;
- Convenience: FIBC can be folded and compressed to save space;
- High load capacity: FIBC can hold large amounts of weight and different types of contents, including grains, seeds or sand;
- Ease of handling: handles can be used by forklifts and cranes.

Figure 2: Global FIBC Consumption Value ($mln)




*Source: CareEdge Research, Maia Research*

Figure 3: European FIBC Consumption Value ($mln)




*Source: CareEdge Research, Maia Research*

**Industrialization and weight reduction also drive growth**

In addition, positive market trends can contribute to the growth of the sector, these trends include:

- Industrialization, especially in developing regions;
- Rising need to reduce the weight of bulk packaging;

Growth in food and pharmaceutical industries.

**Demand for greener solutions is a key risk**

While there are several advantages of FIBC and positive sector trend, there are some risks and limitations related to growth and adoption of FIBC, such as:

- Growing demand for sustainable made from recycled materials or biodegradable materials in Europe, also driven by potential regulation. Recycled materials might have inferior chemical properties compared to virgin materials. This might lead to the use of alternative products;

- Production concentration in APAC as the process is labor intensive. This reliance on a certain region has two ramifications: i) the growing popularity of FIBC India, China and Southeast Asia has led to reduced export volumes from the APAC region, which could influence the pricing dynamics in developed regions; ii) supply chain risks, as it emerged during the Covid-19 outbreak, with increased lead times for factories, distributors, and end-users;
- Polymers used in FIBC are derived from petroleum, so crude oil prices can impact the pricing structure.

## EU plastic tax

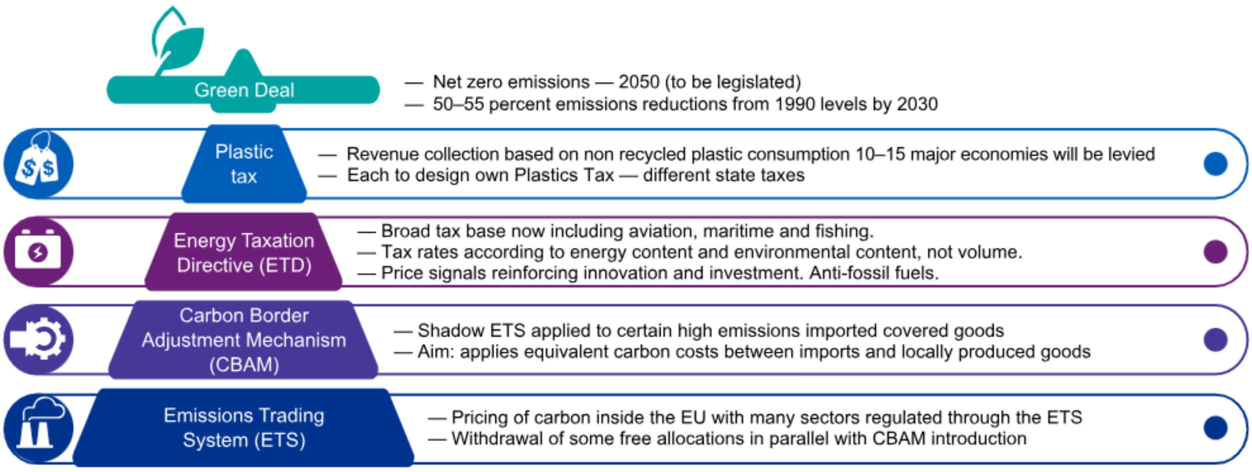
**Green Deal introduced a plastic tax**

The plastics tax in the EU, a part of several proposed tax reforms under the Green Deal, is designed to decrease the use of raw materials and waste. This initiative supports the transition towards a circular economy.

**€0.8/kg of contribution by MS to EU**

More specifically, it is a contribution from the Member States to the EU, set at €0.8/kg, which is based on the quantity of non-recycled plastic packaging waste produced. Member States will either pay the contribution from their national budget (Austria and Belgium) or may recoup a portion from taxpayers by implementing a local tax (Spain and Italy).

**Figure 4: Plastic tax as part of EU's Green Deal**




*Source: KPMG*

**Spain plastic tax effective since 2023**

Through a 2022 law Spain included a new tax on non-reusable plastic packaging which became effective in January 2023. It affects companies involved in the production or distribution of packaging, but also all importers or intra-Community purchasers of plastic packaging. The rate is €0.45/kg of plastic material.

**Italian plastic law established in 2020**

The plastic tax was established in the 2020 Italian Budget Law to tax containers and packaging made up even partially of plastic with a single use "MACSI". These items serve the purpose of containing, protecting, manipulating, or delivering goods or food products, and they are all designed for single use. Examples include bottles, polyethylene food bags and trays, tetra Pak containers, detergent containers, as well as expanded polystyrene packaging, bubble wrap rolls and stretchable plastic films.

The tax is levied on the manufacturers or sellers of MACSI, as well as buyers or importers from non-EU countries, at a rate of €0.45/kg of plastic material. However, plastic materials derived from recycling processes are exempt from this tax.

**Entry into force delayed until July 2026**

The entry into force was delayed several times, earlier in 2024 it was postponed to July 2026.

## EU regulation on packaging

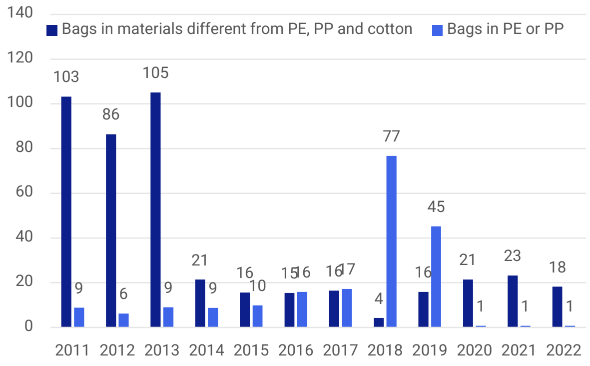
| | |
|---|---|
| **EU definition of packaging** | EU considers packaging all products made of any materials of any nature to be used for the containment, protection, handling, delivery and presentation of goods, from raw materials to processed goods, from the producer to the user or the consumer. |
| **Proposal of EU regulation on packaging in 2022** | In November 2022, the European Commission put forward new measures to address the escalating issue of packaging waste within the EU. This comes in response to the persistent growth in packaging waste generated in Europe since the mid-2000s, with projections indicating a continued increase by 2030. |
| | The proposal addresses the entire life cycle of packaging, emphasizing safety and sustainability by mandating recyclability, minimizing dangerous substances and improving consumer information through labeling. It also follows the waste hierarchy by setting re-use targets, restricting certain single-use packaging, and requiring economic operators to minimize packaging, with a focus on enhancing collection, sorting and recycling standards. |
| | Other key topics covered by the proposal include: assessing the impact of substances on re-used packaging, maintaining targets for minimum recycled content in plastic packaging, minimizing weight and volume of packaging, imposing restrictions on specific packaging formats, especially single-use plastic packaging in the HORECA and accommodation sectors. |
| **Agreement on the proposal reached in 2023** | In December 2023 the Council reached an agreement on the proposal, maintaining the scope of the Commission's proposal, covering all packaging, regardless of the material used, and all packaging waste, regardless of its origin (including industry, manufacturing, retail, households). Several provisions that tackled unnecessary packaging were removed, while some reuse targets for 2040 were lowered. |
| **Reducing packaging waste: 5% by 2030, 10% by 2035, and 15% by 2040** | Headline targets for reducing packaging waste were maintained: 5% by 2030, 10% by 2035, and 15% by 2040, all based on 2018 quantities. The Commission will review these targets eight years after the regulation's entry into force. Additionally, the Council allows members to implement packaging waste prevention measures that surpass the specified minimum targets. |
| | The agreement will serve as the Council's mandate for negotiations with the European Parliament on the final shape of the legislation. The outcome of the negotiations will have to be formally adopted by the Council and the Parliament. |
| **Impacts on Saccheria** | It is clear that the EU wants to address the growing production of plastic waste by introducing laws and taxes to steer the economy towards reduction in waste, wider adoption of reusable materials and accelerate the adoption of recycled materials. We believe that despite the delays a plastic tax is likely to become effective in Italy, companies may attempt to offset this additional cost onto customers further down the supply chain. The final result could be higher final prices to customers and a shift towards products that face lower taxes. |

## Italian PP and PE bag Market

**Italian imports of PE and PP bags €124mln**

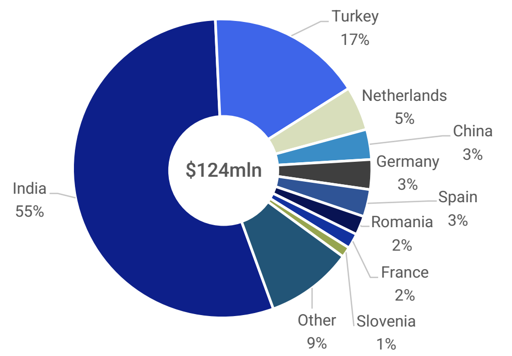
Industrial production of industrial packaging in polypropylene and polyethylene in Italy saw a major decline in the last 15 years, according to OEC Italy imported $124mln of bags and PE & PP, the main trading partners being India (55%) and Turkey (17%).

**Figure 5: Italian bag production (€mln)**




*Source: Istat*

**Figure 6: Italian imports of bags in PE and PP (2021)**




*Source: OEC*

## A troubled freight market

**Several shocks hit from 2020**

In the last 4 years the freight market has witnessed several major disruptions which pushed prices at multiples of historical averages. From 2H20 several factors brought by the Covid-19 pandemic led to a spike in global container freight rates. Main drivers include: congestion at ports from lockdowns, bottlenecks caused by supply chain disruptions, volatility of orders following demand ramp up, obstruction of the Suez Canal.

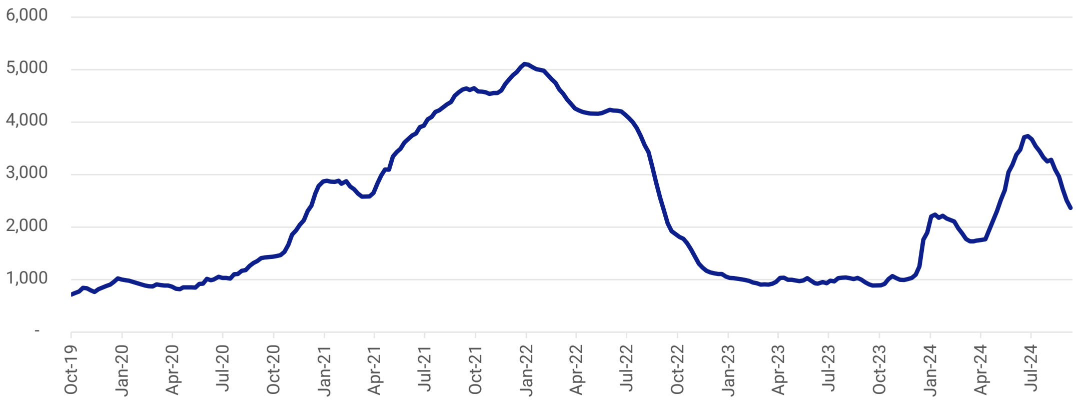
**Brief normalization in 2023**

Despite the transient nature of the causes, abnormal delivery times and prices persisted throughout 2022 and normalized in 2023.

**Freight costs driven by red sea crisis**

Normalized costs were suddenly interrupted in 4Q23 following geopolitical tensions in the Red Sea. In October 2023 Yemen's Houthi movement began targeting ships in the Red Sea that were claimed to be linked to Israel. Militants have also fired on merchant vessels of various countries off the coast of Yemen, which led many reroutes of ships headed to Europe through the Suez canal. This put pressure on freight costs, which surged in 4Q and remain higher than the period December 2022-November2023.

**Figure 7: Shanghai Shipping Exchange Shanghai (Export) Containerized Freight Index**



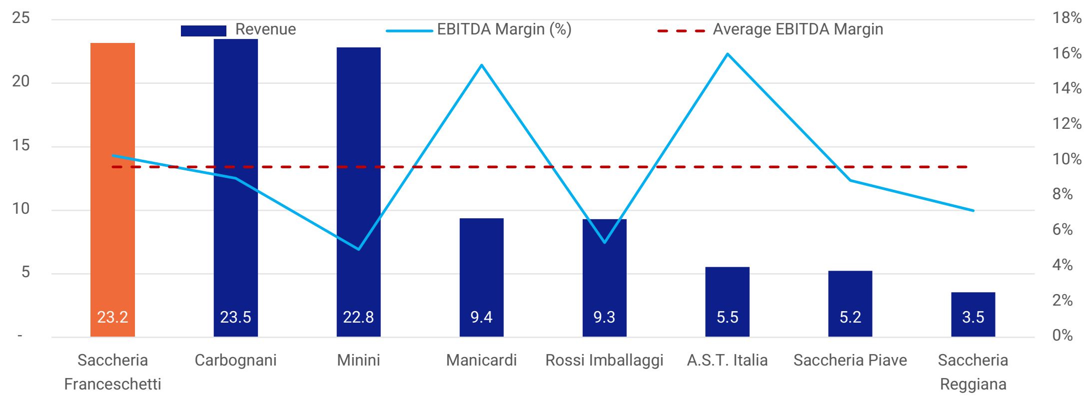

*Source: Bloomberg*

## Competitive arena

**No local listed companies**

There are no listed Italian company operating in the FIBC sector outside Saccheria, the main private companies are: Carbognani, Minini, Manicardi, Rossi Imballaggi, A.S.T. Italia, Saccheria Piave and Saccheria Reggiana. Manicardi also provides industrial filters while A.S.T. Italia is focused on products for asbestos abatement, which includes FIBC bags. We believe that this explains their superior EBITDA marginality compared to the others of the group.

**Figure 8: Main Italian competitors (not listed), FY22 Revenue (€mln), FY22 EBITDA Margin (%)**




*Source: Aida*

## Listed comparables

**No listed FIBC manufacturers in EU**

To our knowledge there are not listed producers or sellers of FIBC based in Europe. We therefore initially built a comparable list of global producers of FIBC. We then created a panel of EU based companies that offer packaging solutions.

**Table 12: Comparable listed companies**

| Company Name | Country | Description |
|---|---:|---:|
| Jumbo Bag | India | Producer of FIBC bags |
| HCP Plastene Bulkpack | India | Producer of FIBC bags |
| Isbir Sentetik | Turkey | Producer of FIBC bags |
| DS Smith | Britain | Producer of paper packaging |
| Cabka | Netherlands | Recyclable plastic pallets |
| Grifal | Italy | Packaging materials, paper and PTE |
| Billerud Aktiebolag | Sweden | Producer of paper packaging |
| Mayr Melnhof Karton | Austria | Producer of paper packaging |
| BEWi | Norway | Provider of packaging and insulation |
| Saccheria | Italy | Provider and producer of FIBC bags |

*Source: Banca Profilo Research, Company Data*

**FIBC**

We identified three listed companies focused primarily on FIBC production, two of which based in India, the country that carries out most of the global production.

**Jumbo Bag (India)**

Jumbo Bag (India), founded in 1990 with an initial production capacity of 720k/y bags, and currently at 3.6mln/y. The Company's portfolio includes bags built with main stitching methods, all four types of FIBC (A, B, C, D) construction methods, as well as bag liners.

**HCP Plastene (India)**

Plastene Group (India) was created in 1995 with a focus on flexible packaging product; the Company entered the FIBC segment in 2006. The Company's portfolio includes FIBC, bag liners, small bags, polypropylene fabrics. The Company acquired Gopala Polyplast in 2020 becoming HCP Plastene.

**Isbir Sentetik: Dokuma (Turkey)**

Isbir Sentetik (Turkey) began operating in 1968 producing small bags and fabrics. The Company expanded internationally in UK, USA and Israel between 2004 and 2007. IS currently produces Type C and D bags, with 4 and 1-2 loops, also with UN certifications. The portfolio also includes carpet backing and polypropylene fabrics.

The second component of our sample includes EU based companies that offer packaging solutions that can be complementary and substitutes to FIBC, as well as positioned at the final stages of the supply chain.

**Billerud (Sweden)**

Billerud (Sweden) was founded over 150 years ago as a producer of pulp and paper. In 2012, the Company merged with Swedish company Korsnäs, becoming BillerudKorsnäs. In 2022, the Group acquired US-based paper Verso for $825mln and was rebranded as Billerud. The Company operates 6 mills in EU and 3 in North America, the portfolio includes paper-based packaging products for industrial and retail use, including boxes, bags, paper and kraft paper. Clients are packaging manufacturers, brands and retail chains across 100 countries.

**Cabka (Netherlands)**

Cabka (Netherlands) was founded in Germany in 1994, operating in the recycling of plastic by producing in 1998 the first recycled nestable plastic pallets. The Company expanded in the US in 2005 with an office and a production facility near St. Louis, while in 2008 it opened an office and a factory in Valencia (Spain). Cabka merged with Innova Packaging in 2012, acquired Belgian Company Eryplast in 2015 and was listed on Euronext Amsterdam through the merger with Dutch Star Companies TWO. The Company portfolio includes containers and pallets made of recycled plastic.

**DS Smith (UK)**

DS Smith (UK) is a cardboard packaging provider, created in 1940 and listed on London Stock Exchange in the late 1950s. The Company has a long-track record of growth through external lines which began in the 1980s with 4 acquisitions. Since 2000 the Company has acquired more than 15 companies and exited its investment in Spicers, currently is active in more than 30 countries. The portfolio is primarily comprised of paper-based products including industrial packaging for shipping purposes, retail cardboard packages and POS carboard displays.

**Grifal (Italy)**

Grifal Group (Italy) operates in the packaging sector and is active since 1969. Grifal was listed on EGM in 2018 and was renamed Grifal Group in 2021 following the acquisition of Tieng and Cornelli. Grifol has a 4.2k sqm industrial plant in Romania. Finally, the Company's portfolio primarily includes packaging materials to protect goods during shipping, in both paper and polyethylene.

**Mayr Melnhof Karton (Austria)**

Mayr Melnhof Karton (Austria) is a producer of paper founded in 1950 and listed on Vienna stock exchange in 1994. The Company began carrying out cross-border M&A in 1984 with FS-Karton (Germany), the international expansion was accelerated through several acquisitions from 2000 onwards. In Mayr Melnhof Karton acquired Essentra Packaging and Eson Pac. The company has 71 production sites across 3 continents and sells its products in more than 140 countries. The product portfolio includes paper (MM Board & Paper) and packaging (MM Packaging) with a focus on retail and consumer packaging.

**BEWi (Norway)**

BEWi (Norway) is a producer and supplier of packaging and insulation material founded in 1980 and listed on Oslo Børs in 2020. The Company has always focused on external growth, with more than 10 acquisitions since 2020.

Operations are divided in four business lines: i) production of polystyrene and other foam materials (Raw), ii) solutions for insulation and infrastructure (Insulation & Construction), iii) packaging solution for industrial sectors, including boxes for transportation of food and protective packaging (Packaging & Components), iv) Collection and recycling of used material (Circular).

# Company & Business model

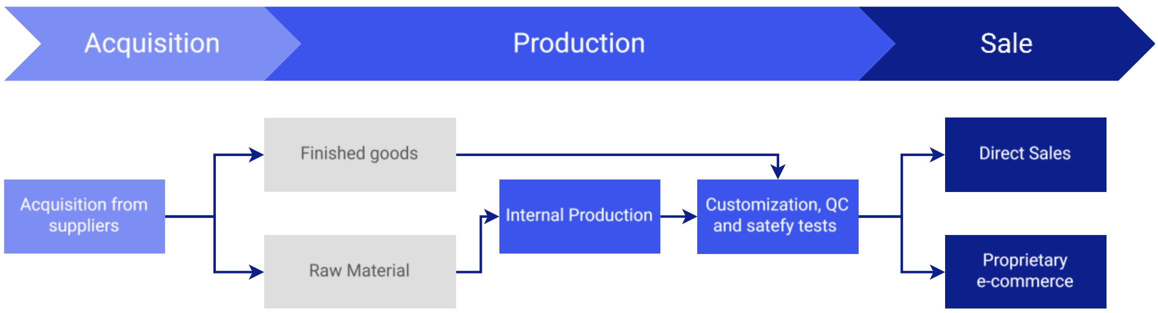
## Business model

**Big Bags manufacturer and trader**

Saccheria is a trader of industrial packaging products with a focus on flexible intermediate bulk container (FIBC), here referred to as Big Bags. Other key products include small bags, box bags, fertilizer bags, courier/special products and fabrics. The business model includes i) acquisition of raw materials and finished goods, ii) production, personalization, safety tests and quality control, iii) sale through agents (direct channel) or with proprietary e-commerce.

Products are used in several sectors including waste disposal, chemical, construction, agricultural and food. The Company generates most of its turnover as a distributor of products, a minor portion (15-20%) of its revenues come from internal local production. Internal production as well as personalization is carried out in Italy.

**Figure 9: Business model**




*Source: Bana Profilo elaboration on Company data*

**Suppliers across 5 countries**

The Company uses 15 suppliers across 5 countries (Albania, Cina, India, Poland and Turkey) to acquire finished goods for the trading business as well as raw materials for internal production. Most suppliers are in India, as it accounts for 85% of orders. Closer suppliers provide faster lead time but at a higher cost. Saccheria carries out a selection of the best suppliers that can guarantee a standard level of quality, affordable prices and certain delivery times. Raw materials acquired include canvases, rolls and components.

**Plant and HQ in Brescia (Italy)**

Since 2022, Saccheria owns a 24k sqm headquarter in Provaglio d'Iseo (Brescia, Italy). It includes offices, a manufacturing plant and a semi-automated warehouse with storage capacity of 500k products. Moreover, thanks to real-time monitoring, orders are immediately inserted, and replenishment is carried out as needed.

**The only Italian company keeping internal production**

Saccheria is the only Italian company that kept a portion of its production locally with a daily production of approximately 1.5k pieces, this allows shorter lead time for customized solutions and can be a strategic lever to attract new customers.

**Figure 10: Industrial footprint**


**Figure 11: Semi-automated warehouse**

*Source: Company data*

**Warehouse AI before it was cool**

In 2017, Saccheria automated its sales system using Google AI tools for warehouse management and pricing. This improved efficiency and reduced the workforce needed. The success led to the creation of ELI WMS, a spinoff offering cloud-based warehouse management software. Saccheria and ELI WMS won the Cento4.0 prize for innovation in Lombardia. The Company also shifted to digital document management, reducing order processing time and complaints about incorrect orders.

**B2B through agents**

The Company targets B2B customers, primarily through the direct sales channel through a network of 25 agents spread across Italy, reporting to the sales manager.

**First ecommerce in Italy**

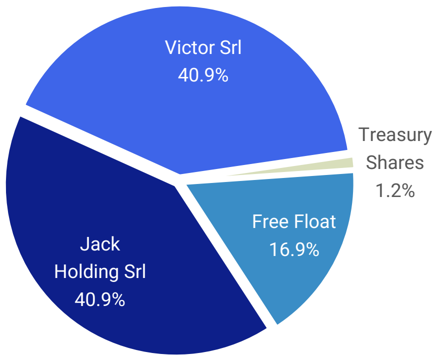
In recent years, Saccheria launched its proprietary e-commerce platform, becoming the first Italian company in the sector to adopt this channel. Targeting both large companies and small consumers, it saw a 31% growth in 2023, enabling territorial expansion and tackling sectors not usually served. While e-commerce surpassed direct sales in order volume, it still accounts for only 4.7% of total revenue. Beyond sales, the platform offers strategic advantages, providing customer insights through direct orders and uncovering niche uses for Big Bags.

## Group structure

**Two family-owned vehicles control 82%**

The shareholder structure is composed of two vehicles owned by members of the Franceschetti family (82%).

**Figure 12: Shareholder structure**




*Source: Bloomberg, Banca Profilo elaborations on companies' data*

Victor's main shareholder is CEO Luisa Franceschetti with 43%, while the rest is equally shared among her sisters. Jack holding main shareholder is Board Chairman Luigi Wilmo Franceschetti with 95% and his mother Maria Martinelli. Considering the structure, Luigi Franceschetti controls 39% of the Company, while Luisa Franceschetti 17.6%.

**Warrants**

During the listing, 1 warrant was awarded for each share subscribed and 1 warrant was awarded for each shareholder at the approval of FY22 financial statement. Every 2 warrants can be converted into 1 Converted Share with the same rights of normal shares. There are 2 conversion periods lasting two weeks still remaining: on November 20, 2024, and on November 20 2025. Subscription prices are calculated by increasing the previous subscription price by 10%, with the first calculated on the listing price. Prices were adjusted for the extraordinary dividend paid in January 2024, for the second period the price is set at €1.47 and for the third period at €1.621.

## History & Top management

**Founded in 1939, current management joined in 2014**

Saccheria, founded in 1939 by Luigi Franceschetti, initially focused on recovering and selling used jute bags. Luigi's sons, Umberto, Giacomo, and Vittorio-Bruno, later joined, expanding into flexible packaging, especially high-quality Big Bags. In 1981, the company became an LLC under the name "Saccheria F.lli Franceschetti" and transitioned to an INC in 1984. Current management, Luigi Wilmo and Luisa Franceschetti, joined between 2014 and 2015. In 2019, Saccheria launched a B2B e-commerce platform and was listed on Euronext Growth Milan in December 2022, raising €2 million. By June 2023, e-commerce expanded with Sackmonarchy, a fashion bag brand using leftover industrial materials.

**Figure 13: Organization chart**


*Source: Banca Profilo elaborations on companies' data*

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| Saccheria "ID Card" | Recommendation | Target Price | Upside |
|---|---|---|---|
| | **BUY** | **2.0 €** | **72%** |

## Company Overview

Saccheria is a seller of industrial packaging products with a focus on Big Bags, small bags, box bags, fertilizer bags, courier/special products and fabrics. Products are used in several sectors including waste disposal, chemical, construction, agricultural and food. The Company generates most of its turnover as distributor of products through a minor portion (15-20%) of its revenues through internal local production. Products are sold directly, through agents or with a proprietary e-commerce.

The reference market is represented by the FIBC (Flexible intermediate bulk container) sector. Saccheria's Big Bags and Fertilizer Bags are both classified as FIBC, and they represent more than 75% of its revenues. The main alternative to FIBC are Gaylord boxes, made of corrugated cardboard, usually single use and sized to fit on top of standard pallets. Pallet size boxes usually can contain up to 2,200kg, wall thickness varies depending on the application.

## SWOT Analysis

### Strengths

- Scalable warehouse automation
- Good brand awareness
- Among three top players in Italy
- First mover advantage in e-commerce
- Reduced operating costs thanks to technology and automation
- Reduced operating costs thanks to technology and automation

### Weaknesses

- Revenues concentrated in Italy

### Opportunities

- Expansion of e-commerce in new countries
- Local and international acquisitions

### Threats

- Headwinds from EU Directives on packaging waste
- Introduction of a plastic tax

## Main catalysts

Early realization of contract sales with Poste
Securing an additional contract with Poste
Quicker than expected normalization of shipping costs
Successful completion of an acquisition

## Main risks

Potential shipping delays
Increased container costs
Implementation of a plastic tax, which could lead to a decrease in either margins or volumes

# Saccheria "ID Card"

| Recommendation | Target Price | Upside |
|---|---|---|
| **BUY** | **2.0 €** | **72%** |

## Main Financials

| *(€k)* | 2021PF | 2022 | 2023 | 2024E | 2025E |
|---|---|---|---|---|---|
| **Total revenues** | **19,439** | **23,342** | **18,047** | **18,255** | **19,519** |
| *yoy change* | | *20.1%* | *-22.7%* | *1.2%* | *6.9%* |
| **EBITDA** | **1,749** | **2,388** | **2,291** | **2,191** | **2,343** |
| *margin (%)* | *9.1%* | *10.3%* | *12.9%* | *12.1%* | *12.1%* |
| **EBIT** | **1,102** | **1,797** | **1,809** | **1,761** | **1,897** |
| *margin (%)* | *5.7%* | *7.8%* | *10.2%* | *9.8%* | *9.8%* |
| **Net profit** | **801** | **1,238** | **1,113** | **1,079** | **1,201** |
| *margin (%)* | *4.1%* | *5.3%* | *6.2%* | *5.9%* | *6.2%* |
| **Net debt (cash)** | **8,039** | **5,345** | **1,218** | **1,086** | **787** |
| Equity | 5,992 | 8,832 | 9,382 | 9,587 | 10,464 |
| Operating net working capital | 9,013 | 9,627 | 6,380 | 6,852 | 7,751 |
| Capex and acquisitions | (90) | (484) | (83) | (125) | (125) |
| Free Cash Flow | | 1,162 | 4,965 | 1,215 | 827 |

## Key Financial Ratios

| | 2021PF | 2022 | 2023 | 2024E | 2025E |
|---|---|---|---|---|---|
| Tax rate | *27.6%* | *29.4%* | *27.7%* | *29.0%* | *29.0%* |
| ROIC | *7.9%* | *12.7%* | *17.1%* | *16.5%* | *16.9%* |
| ROE | *14.7%* | *16.7%* | *12.2%* | *11.4%* | *12.0%* |
| Days Sales Outstanding | *121* | *120* | *108* | *115* | *115* |
| Days Payables Outstanding | *63* | *47* | *65* | *70* | *60* |
| Capex/Sales | *0.5%* | *2.1%* | *0.5%* | *0.7%* | *0.6%* |
| Net debt (cash) / EBITDA | 4.6x | 2.2x | 0.5x | 0.5x | 0.3x |
| Net debt (cash) / Equity | 1.3x | 0.6x | 0.1x | 0.1x | 0.1x |
| Interest Coverage Ratio | 26.6x | -220.4x | 41.5x | 6.7x | 7.3x |

*Source: Bloomberg, Banca Profilo estimates and elaborations*

## Company Description

| | |
|---|---|
| Company Sector | Containers & Packaging |
| Price (€) | 1.16 |
| Number of shares (mln) | 8.9 |
| Market Cap (€ mln) | 10.3 |
| Reference Index | FTSE Italia Growth |
| Main Shareholders | Jack Holding Srl, Victor Srl |
| Main Shareholder stake | 41.0% |
| Free Float | 16.9% |
| Daily Average Volumes (30D) | 21,169 |
| Sample of comparables | Jumbo Bag, HCP Plastene Bulkpack, Isbir Sentetik, DS Smith, Cabka, Grifal, Billerud Aktiebolag, Mayr Melnhof Karton, BEWi |

## Data of peers

| | 2022 | 2023 | 2024E | 2025E |
|---|---|---|---|---|
| Sales Growth (yoy) | *20%* | *-23%* | *1%* | *7%* |
| EBITDA Margin | *10%* | *13%* | *12%* | *12%* |

*Average data*

## Multiples of peers

| | 2023 | 2024E | 2025E | 12M |
|---|---|---|---|---|
| EV / EBITDA | 7.8x | 7.5x | 6.0x | 8.2x |

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