

Magis

Sector: Packaging goods



Conference Call takeaways

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Magis SpA (“Magis” or “MGS”) is active in the design, manufacturing and commercialisation of adhesive tapes and closure systems for nappies and incontinence pads, recognized for its commitment to R&D, excellence in product development / manufacturing, and customer-focused approach.

Key takeaways from Conference Call

Yesterday, we hosted a conference call with a group of European investors where Magis S.p.A. discussed its financial results and provided some colour on current business developments and future prospects. Key takeaways are:

- ◆ The management expressed confidence in the company's performance for 2024 so far and stated that it is in line with analyst consensus. We remind that our forecasts call for Revenues to grow at ca. 4.5% CAGR over 2023-2026, and profitability to maintain outstanding levels. Over 2024-2026, this is expected to result in ca. €50mn cumulated EBITDA and ca. €20mn cumulated Free Cash Flow;
- ◆ There were reassuring updates regarding the client pipeline, with positive developments noted with significant ongoing client agreements;
- ◆ In terms of market positioning, the company highlighted its top leading stance in the printed tapes sector and its status as one of the few players active in the closure systems space (a niche with only 5-6 competitors in Europe);
- ◆ The Company acknowledged the further postponement of the Plastic Tax to 2026 but feels well-prepared with its sustainable product portfolio, which currently accounts for 7-8% of sales. It confirmed that its ecoHIT19 and KH80 products are performing extremely well in countries where the tax has already been implemented;
- ◆ In terms of M&A, the management confirms it is scrutinizing several opportunities in closely related sectors (such as body care, medical and more), focusing on areas that might provide synergies with its core operations and avoiding any disruption to its existing product range.

Our take: Positive feelings confirmed

The call highlighted very positive messages, confirming the robustness of the investment case, ideal for value investors looking for strong cash flows at affordable valuation. Indeed, at current market price, investors would gain exposure to a potential 100% upside over a two-year horizon, assuming an exit multiple at 6.0x EV/EBITDA vs. current 3.3x EV/EBITDA 2024E, or approx. 32% upside if the exit multiple remains in line with current levels, ensuring sustainable double-digit yields across all metrics (Operational FCF, FCF, Earnings yield).

Fair Value (€)	18.5
Market Price (€)	12.3
Market Cap. (€m)	65.6

KEY FINANCIALS (€mn)	2023A	2024E	2025E
VALUE OF PRODUCTION	81.0	84.2	88.4
EBITDA	15.0	15.8	16.9
EBIT	12.0	12.6	13.4
NET PROFIT	8.2	8.6	9.3
EQUITY	38.6	47.2	56.5
NET CASH (+) / DEBT (-)	5.8	13.1	21.0
EPS ADJ. (€)	1.56	1.61	1.74
DPS (€)	0.00	0.00	0.00

Source: Company (historical figures)
Value Track (2024E-25E estimates)

KEY RATIOS	2023A	2024E	2025E
EBITDA MARGIN (%)	18.5	18.7	19.1
EBIT MARGIN (%)	14.8	14.9	15.2
ROIC b.t. (%)	36.5	36.9	37.9
ROE b.t. (%)	28.5	24.9	22.4
EV/SALES (x)	0.8	0.6	0.5
EV/EBITDA (x)	4.0	3.3	2.6
EV/EBIT (x)	5.0	4.2	3.3
P/E ADJ. (x)	7.9	7.6	7.1

Source: Company (historical figures)
Value Track (2024E-25E estimates)

STOCK DATA	
MARKET PRICE (€)	12.3
SHS. OUT (m) (*)	5.3
MARKET CAP. (€m)	65.6
ENTERPRISE VALUE (€m)	52.5
FREE FLOAT (%)	23.1%
AVG. -20D VOL. ('000)	2,047
RIC / BBG	MGS.MI / MGSIM
52 WK RANGE	10.0 - 12.50

Source: Stock Market Data, (*) 5.85 on a Fully diluted basis



Magis: P&L FY23-FY26E

(€, mn)	2023	2024E	2025E	2026E
Value of Production	81.0	84.2	88.4	92.3
Raw Materials, Δ Inventory (Raw Materials)	-45.3	-46.7	-48.6	-50.6
Gross Profit	35.7	37.5	39.8	41.7
Gross Margin (%)	44.0%	44.5%	45.0%	45.2%
Costs of Services	-10.1	-10.5	-11.0	-11.5
Costs of Rent	-1.8	-1.9	-1.9	-2.0
G&A	-0.3	-0.3	-0.3	-0.3
Labour Costs	-8.5	-9.1	-9.7	-10.2
Reported EBITDA	15.0	15.8	16.9	17.7
Reported EBITDA Margin (%)	18.5%	18.7%	19.1%	19.2%
D&A (excl. Goodwill)	-2.8	-3.2	-3.4	-3.8
Provisions	-0.2	0.0	0.0	0.0
EBIT	12.0	12.6	13.4	13.9
Interest Expenses / Other Non-Op. Items	-1.0	-0.8	-0.8	-0.7
Pre-Tax Profit	11.0	11.8	12.7	13.2
Taxes	-2.8	-3.2	-3.4	-3.6
Net Profit	8.2	8.6	9.3	9.6
Net Profit Margin (%)	10.2%	10.2%	10.5%	10.4%

Source: Magis, Value Track Analysis

Magis: Balance Sheet Structure FY23-FY26E

(€, mn)	2023	2024E	2025E	2026E
Net Fixed Assets	23.1	21.9	20.5	22.7
Net Working Capital	10.4	12.8	15.6	16.9
Provisions	0.6	0.6	0.6	0.7
Total Capital Employed	32.9	34.1	35.5	38.9
Group Net Equity	38.6	47.2	56.5	66.1
Net Cash (+) Debt (-)	5.8	13.1	21.0	27.2

Source: Magis, Value Track Analysis

Magis: Cash Flow Structure FY23-FY26E

(€, mn)	2023	2024E	2025E	2026E
EBITDA	15.0	15.8	16.9	17.7
Δ NWC / Δ Provisions	-1.0	-2.4	-2.8	-1.3
Capex (excl. Financial Inv.)	-1.7	-2.0	-2.0	-6.0
OpFCF b.t.	12.3	11.3	12.1	10.4
As a % of EBITDA	82.1%	71.9%	71.6%	58.8%
Cash Taxes	-2.8	-3.2	-3.4	-3.6
OpFCF a.t.	9.5	8.2	8.7	6.9
Capital Injections	0.0	0.0	0.0	0.0
Other (incl. Financial Inv.)	-0.3	0.0	0.0	0.0
Net Financial Charges	-1.0	-0.8	-0.8	-0.7
Dividends Paid	0.0	0.0	0.0	0.0
Δ Net Financial Position	8.3	7.4	7.9	6.2

Source: Magis, Value Track Analysis

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