Magis

Sector: Packaging goods

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1H24 Results in line with estimates

Fair Value (€)	**19.0**
Market Price (€)	**13.0**
Market Cap. (€m)	**69.4**

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.

P&L in line, BS reflects strategic inventory and capex

Magis' 1H24 results align well with our FY24E estimates on the P&L front, showing growth and resilient margins despite the pressure from rising labour and raw material costs. On the Cash Flow side, we note that Magis opted to make some opportunistic raw material purchases, impacting Working Capital, and advanced certain one-off development Capex, particularly within the closure systems segment.

Key highlights include:

- Value of Production at €44.3mn (+4.9% y/y), split 77%/23% between Adhesive and Closure Tapes segment respectively;
- EBITDA at €8.0mn (+1.6% y/y), with 18.1% margin (-59bps);
- Net Cash at €6.9mn, compared to €5.8mn in FY23.

Estimates remain solid, €20mn FCF in the next 3 years

We fine-tuned estimates to take into account of increased investments in working capital (longer payment terms extended to new key clients and updated inventory policy) and Capex (acquisition of the laminator).

We forecast Magis to maintain its outstanding profitability levels ($ROIC_{b.t.}$ higher than 35%), and to generate a material amount of cash in **2024E-26E** years i.e., some **€50mn cumulated EBITDA** turning into ca. **€23mn OpFCF after tax** and more than **€20mn cumulated Free Cash Flow**, to be utilized for: (i) further development of the premium / specialty segment (also via tactical M&A deals); (ii) penetration of American markets; (iii) possible dividends.

Fair Value at €19.0 p.s. (from €18.5)

At current market price, MGS trades at 3.6x-2.9x EV/EBITDA 2024E-25E multiples, and close to 10% Free Cash Flow yield, still at huge and unjustified discount vs. domestic and international peers.

We revise MGS fair value upwards at €19.0 per share (from €18.5), on the back of sector re-rating, lower equity risk premium and unchanged medium-term growth potential, which remains robust.

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	12.5	13.3
NET PROFIT	8.2	8.6	9.2
EQUITY	38.6	47.2	56.4
NET CASH (+) / DEBT (-)	5.8	12.0	20.0
EPS ADJ. (€)	1.56	1.60	1.72
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	15.1
ROIC b.t. (%)	36.5	35.6	36.6
ROE b.t. (%)	28.5	24.8	22.3
EV/SALES (x)	0.7	0.7	0.6
EV/EBITDA (x)	3.5	3.6	2.9
EV/EBIT (x)	4.4	4.6	3.7
P/E ADJ. (x)	7.0	8.1	7.6

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

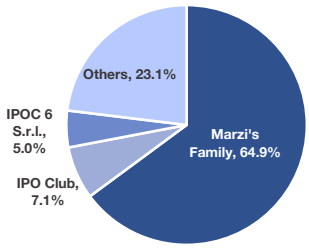
STOCK DATA	
MARKET PRICE (€)	13.0
SHS. OUT (m) (*)	5.3
MARKET CAP. (€m)	69.4
ENTERPRISE VALUE (€m)	57.4
FREE FLOAT (%)	23.1%
AVG. -20D VOL. ('000)	3,345
RIC / BBG	MGS.MI / MGS IM
52 WK RANGE	10.0 – 13.2

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

Business Description

Magis S.p.A. is a leading Italian company active in the design, manufacturing and marketing of adhesive tapes and closure systems for nappies and incontinence pads. Throughout its 35-year history, Magis has been recognized for its commitment to R&D, excellence in product development and manufacturing, and customer-focused approach. These elements have been instrumental in building strong ties with clients, both large corporations and SMEs, and across various industries like logistics, food & beverage, pharmaceuticals, retail, electronics, clothing and baby care.

Shareholders Structure



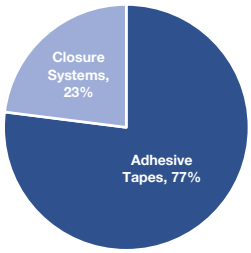
Source: Magis

Key Financials

€mn	2023A	2024E	2025E	2026E
Total Revenues	**81.0**	**84.2**	**88.4**	**92.3**
Chg. % YoY	-13.3%	4.0%	4.9%	4.4%
EBITDA	**15.0**	**15.8**	**16.9**	**17.7**
EBITDA Margin (%)	18.5%	18.7%	19.1%	19.2%
EBIT	**12.0**	**12.5**	**13.3**	**13.8**
EBIT Margin (%)	14.8%	14.9%	15.1%	14.9%
Net Profit	**8.2**	**8.6**	**9.2**	**9.6**
Chg. % YoY	6.8%	4.0%	7.3%	4.2%
Adjusted Net Profit	**8.2**	**8.6**	**9.2**	**9.6**
Chg. % YoY	6.8%	4.0%	7.3%	4.2%
Net Fin. Position	**5.8**	**12.0**	**20.0**	**26.1**
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-1.7	-3.1	-2.0	-6.0
OpFCF b.t.	**12.3**	**10.2**	**12.1**	**10.4**
OpFCF b.t. as % of EBITDA	82.1%	64.6%	71.9%	58.4%

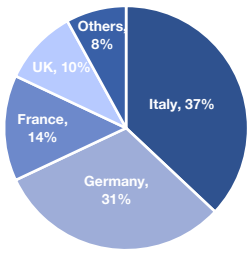
Source: Magis (historical figures), Value Track (estimates)

1H24 Revenues by business line



Source: Magis

1H24 Revenues by geography



Source: Magis

Investment case

Strengths / Opportunities

- Excellence in products development, thanks to a vocation for R&D / product innovation; high flexibility; responsiveness to clients' needs;
- Optimal market positioning, characterized by: "premium" products focus; high diversification of end markets / geographies / client base;
- Strongly cash-generative business model with low capital requirements;

Weaknesses / Risks

- Mature reference market with limited growth rates (single digit);
- Competitive landscape dominated by large conglomerates with global presence, dedicated R&D divisions and significant bargaining power.

Stock multiples @ €19.0 Fair Value

	2024E	2025E
EV / SALES (x)	1.2	1.0
EV / EBITDA (x)	6.3	5.4
EV / EBIT (x)	7.9	6.8
EV / CAP.EMP. (x)	2.8	2.5
OpFCF Yield (%)	10.3	13.3
P / E (x)	13.0	12.1
P / BV (x)	2.4	2.0
Div. Yield. (%)	0.0	0.0

Source: Value Track, fully diluted based

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1H24 Results

Key Takes

Magis' results **align well with our FY24E estimates on the P&L front**, showing growth and resilient margins, though impacted by higher labour cost and raw materials.

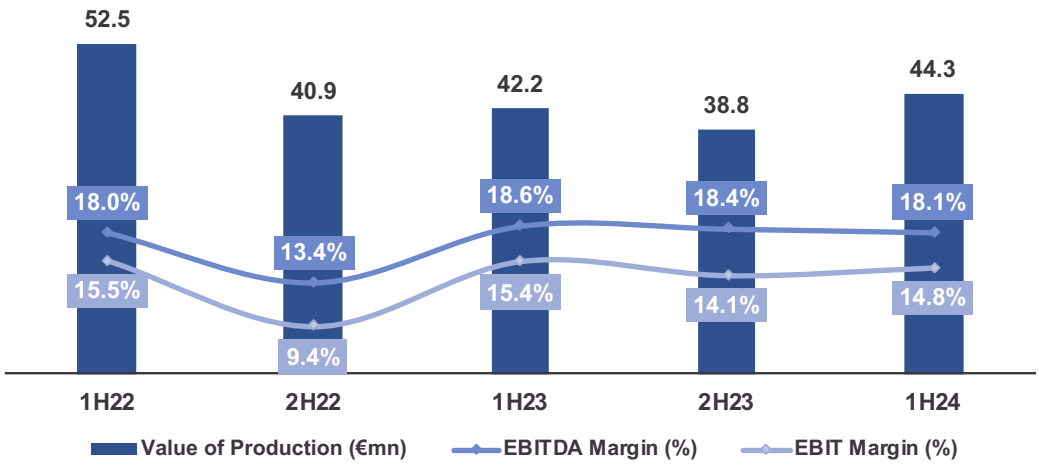
As far as Cash Flow generation is concerned, we note that in 1H24 Magis choose to finalize some **opportunistic purchases of raw materials**, thus impacting Working Capital, and to tactically advance some **una tantum development Capex**, particularly in closure systems.

Magis: Key Financials 1H23-1H24

(€, mn)	1H23	1H24	Δ YoY (%)
Value of Production	**42.2**	**44.3**	**4.9%**
EBITDA	**7.9**	**8.0**	**1.6%**
EBITDA Margin (% VoP)	18.6%	18.1%	*-59bps*
EBITDA Adj. (*)	**8.7**	**7.9**	**-9.0%**
EBITDA Adj. Margin (% VoP)	20.6%	17.8%	*-271bps*
Net Profit	**4.5**	**4.5**	**1.4%**
Net Margin (% VoP)	*10.6%*	*10.2%*	*-36bps*
Net Cash (+) Debt (-)	**-2.4**	**6.9**	**9.3mn**

Source: Magis, Value Track Analysis

Magis: Evolution of VoP, EBITDA Margin EBIT Margin 1H22-1H24

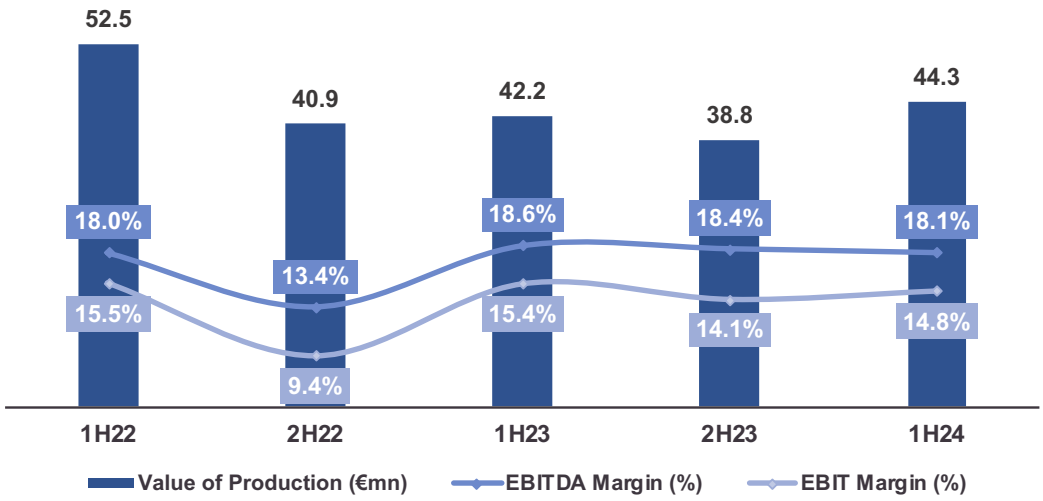


Source: Value Track analysis

1H24 Growth driven by volumes and resilient margins

- **Value of Production at €44.3mn** (+4.9% y/y), with growth driven by higher sales volumes and a split consistent with the traditional distribution between Adhesive Tapes (77%) and Closure Systems (23%). As for underlying markets, in 1H24, the packaging sector faced a tough economic climate with rising interest rates and fluctuating raw material costs. However, Magis capitalized on growing demand for sustainable and innovative packaging, driven by evolving regulations. Noteworthy, ESG-compliant products likely exceeded 10% of revenue;
- **EBITDA at €8.0mn**, (+1.6 % y/y) yet lower EBITDA Margin (-159bps y/y) mainly due to higher raw materials (+10.3% y/y) and labour cost (+15.2% y/y) mainly due to new Hires +10 workers about production;
- **Net Profit at €4.5mn** (+1.4% y/y), growing substantially in line with EBITDA due to higher D&A and Taxes substantially offset by lower financial charges.

Magis: Evolution of VoP, EBITDA Margin (reported), EBIT Margin 1H22-1H24



Source: Magis, Value Track Analysis

Cash Generation and sound Balance Sheet

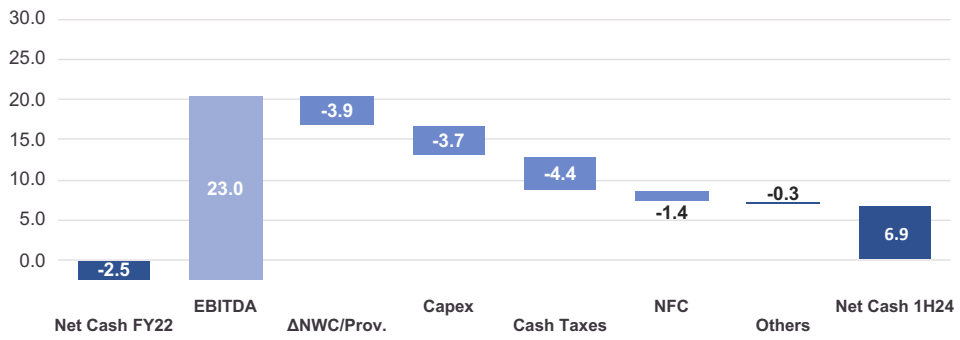
As far as Cash Flow generation is concerned, we note that in 1H24 Magis choose to finalize some **opportunistic purchases of raw materials**, thus impacting Working Capital, and to tactically advance some **una tantum development Capex**, particularly in closure systems.

$OpFCF_{b.t.}$ stood at €3.2mn (ca.40% EBITDA conversion rate), after:

- **Net Working Capital absorbing €2.9mn**, mainly due to higher trade receivables from new large clients with longer payment terms, along with some opportunistic raw material purchases that increased inventory levels;
- **Capex of €1.9mn**, which included the early purchase of a laminator for closure systems (ca. €850-900k cash out), expected to positively impact production capacity in upcoming periods;

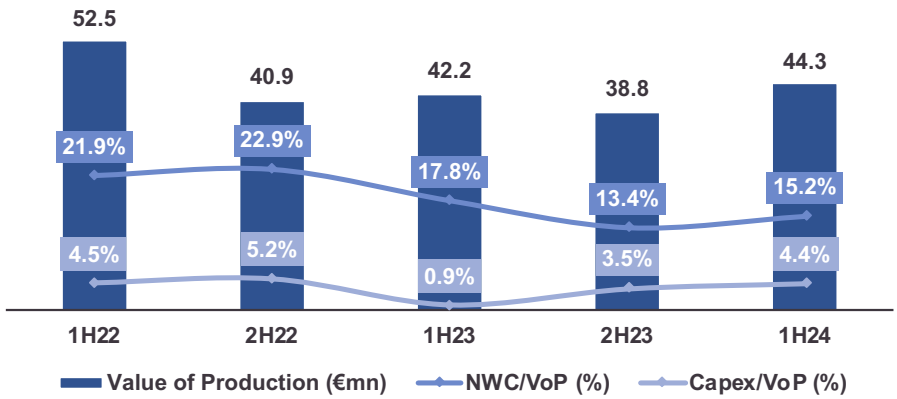
As such, **Net Cash (Reported, IT GAAP) stood at €6.9mn**, vs. €5.8mn Net Cash FY23 year-end and €2.4mn Net Debt at the end of June 2023.

Magis: Net Financial Position bridge FY22-1H24



Source: Magis, Value Track Analysis

Magis: VoP vs. Net Working Capital and Capex 1H22-1H23



Source: Magis, Value Track Analysis

Magis: Net Working Capital 1H22-1H24

(€, mn)	1H22	2H22	1H23	2H23	1H24
Inventories	11.6	11.7	11.0	11.8	14.4
Trade Receivables	13.7	13.8	17.8	14.8	17.7
DSO (gg, on VoP + VAT)	47.7	61.6	76.9	69.8	73.1
Trade Receivables / VoP (%)	*26.1%*	*33.8%*	*21.1%*	*19.1%*	*20.0%*
Trade Payables	10.5	12.1	10.8	13.8	14.9
DPO (gg, on Total Operating Costs)	42.1	58.9	56.9	76.3	71.2
Trade Payables / VoP (%)	*19.9%*	*29.6%*	*12.8%*	*17.8%*	*16.8%*
Other Current Assets	1.6	2.5	1.1	0.8	2.0
Tax Payables	0.4	1.4	1.0	1.6	1.3
Other Current Liabilities	-1.0	-1.8	-1.6	-1.8	-1.6
Accruals and deferrals	1.1	1.1	1.2	1.4	1.5
Net Working Capital	**11.5**	**9.4**	**15.0**	**10.4**	**13.5**
Net Working Capital / VoP (%)	***21.9%***	***22.9%***	***17.8%***	***13.4%***	***15.2%***

Source: Magis, Value Track Analysis

P&L, Balance Sheet, Cash Flow 1H22-1H24

Magis: P&L 1H22-1H24

(€, mn)	1H22	2H22	1H23	2H23	1H24
Value of Production	**52.5**	**40.9**	**42.2**	**38.8**	**44.3**
Raw Materials, Δ Inventory (Raw Materials)	-32.2	-25.0	-23.7	-21.6	-24.7
Gross Profit	**20.3**	**15.9**	**18.5**	**17.2**	**19.6**
Gross Margin (%)	***38.6%***	***38.9%***	***43.8%***	***44.3%***	***44.2%***
Costs of Services	-5.2	-5.3	-5.3	-4.8	-5.3
Costs of Rent	-0.9	-1.0	-0.9	-0.9	-0.9
G&A	0.6	-0.8	-0.2	-0.1	-0.5
Labour Costs	-4.5	-4.1	-4.3	-4.3	-4.9
Reported EBITDA	**10.3**	**4.7**	**7.9**	**7.1**	**8.0**
Reported EBITDA Margin (%)	***18.0%***	***13.4%***	***18.6%***	***18.4%***	***18.1%***
D&A (excl. Goodwill)	-1.3	-1.6	-1.4	-1.4	-1.4
Provisions	0.0	0.0	0.0	-0.2	0.0
EBIT	**8.9**	**3.2**	**6.5**	**5.5**	**6.6**
Interest Expenses / Other Non-Op. Items	-0.8	-0.8	-0.5	-0.5	-0.4
Pre-Tax Profit	**8.1**	**2.4**	**6.0**	**5.0**	**6.1**
Taxes	-2.0	-0.7	-1.5	-1.3	-1.6
Net Profit	**6.1**	**1.7**	**4.5**	**3.8**	**4.5**
Net Profit Margin (%)	***10.1%***	***5.9%***	***10.6%***	***9.7%***	***10.2%***

Source: Magis, Value Track Analysis

Magis: Balance Sheet Structure 1H22-1H24

(€, mn)	1H22	2H22	1H23	2H23	1H24
Net Fixed Assets	24.3	24.1	23.0	23.1	23.4
Net Working Capital	11.5	9.4	15.0	10.4	13.5
Provisions	1.0	0.6	0.8	0.6	0.8
Total Capital Employed	**34.8**	**32.9**	**37.2**	**32.9**	**36.1**
Group Net Equity	**17.8**	**30.4**	**34.8**	**38.6**	**43.0**
Net Financial Position	**-17.0**	**-2.5**	**-2.4**	**5.8**	**6.9**

Source: Magis, Value Track Analysis

Estimates Review

We are refining our 2024E-26E estimates to account for increased investments in working capital (longer payment terms extended to new key clients and updated inventory policy) and Capex (acquisition of the laminator). With the extended capacity likely to drive additional revenue, we maintain a positive stance on our P&L estimates, incorporating only a slight increase in D&A reflecting the higher Capex in 2024.

Magis: Old vs. New Estimates 24E-26E

	2024E			2025E			2026E		
€mn	Old	New	Δ(%)	Old	New	Δ(%)	Old	New	Δ(%)
Total Revenues	**84.2**	**84.2**	**0.0%**	**88.4**	**88.4**	**0.0%**	**92.3**	**92.3**	**0.0%**
EBITDA	**15.8**	**15.8**	**0.0%**	**16.9**	**16.9**	**0.0%**	**17.7**	**17.7**	**0.0%**
EBITDA Margin (%)	18.7%	18.7%	0 bps	19.1%	19.1%	0 bps	19.2%	19.2%	0 bps
EBIT	**12.6**	**12.5**	**-0.4%**	**13.4**	**13.3**	**-0.8%**	**13.9**	**13.8**	**-0.8%**
EBIT Margin (%)	14.9%	14.9%	-6 bps	15.2%	15.1%	-12 bps	15.1%	14.9%	-12 bps
Net Profit	**8.6**	**8.6**	**-0.5%**	**9.3**	**9.2**	**-0.9%**	**9.6**	**9.6**	**-0.8%**
Net Fin. Position	**13.1**	**12.0**	**-1.1**	**21.0**	**20.0**	**-1.1**	**27.2**	**26.1**	**-1.1**

Source: Value Track Analysis

As such, we expect the following:

- Value of Production to keep growing at a ca. 4.5% $CAGR_{23A-26E}$ to ca.€92.3mn in 2026E;
- Reported EBITDA - EBIT margin 2026E at ca. 19.2% -14.9%, leading to €17.7mn - €13.8mn EBITDA - EBIT respectively in 2026E;
- Some €50mn cumulated EBITDA turning into ca. €23mn OpFCF after tax and more than €20mn cumulated Free Cash Flow;
- $ROCE_{b.t.}$ steadily above the 35% threshold;
- Net Cash Position expected to increase up to ca. €26.1mn in 2026E, assuming no M&A in the forecast period.

Regarding the allocation of generated cash, we expect the company to focus on: (i) further development of the premium / specialty segment (also via tactical M&A deals); (ii) penetration of American markets; (iii) possible dividend distributions starting from 2025, i.e. following the expiration of the PAS period.

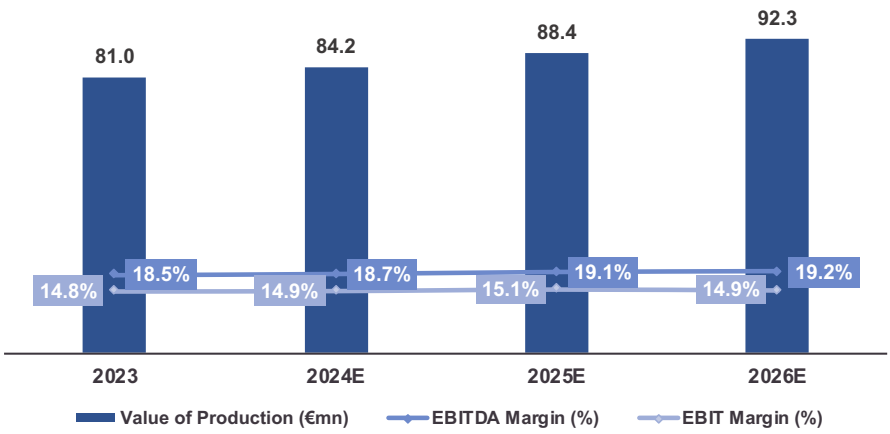
Magis: Key Financials FY23A-FY26E

(€, mn)	2023	2024E	2025E	2026E	CAGR 23-26
Value of Production	**81.0**	**84.2**	**88.4**	**92.3**	**4.5%**
EBITDA	**15.0**	**15.8**	**16.9**	**17.7**	**5.7%**
EBITDA Margin (% VoP)	*18.5%*	*18.7%*	*19.1%*	*19.2%*	*68bps*
EBITDA Adj. (*)	**16.3**	**17.3**	**18.4**	**19.2**	**5.7%**
EBITDA Adj. Margin (% VoP)	*20.1%*	*20.5%*	*20.8%*	*20.8%*	*71bps*
Net Profit	**8.2**	**8.6**	**9.2**	**9.6**	**5.2%**
Net Margin (% VoP)	*10.2%*	*10.2%*	*10.4%*	*10.4%*	*20bps*
$OpFCF_{a.t.}$ (pre dev.Capex)	9.8	8.6	9.2	11.3	5.9%
FCF	8.3	6.2	8.0	6.1	-9.6%
ROCE (%)	36%	36%	37%	35%	*-183bps*
Net Cash Position	**5.8**	**12.0**	**20.0**	**26.1**	**65.3%**

Source: Magis, Value Track Analysis

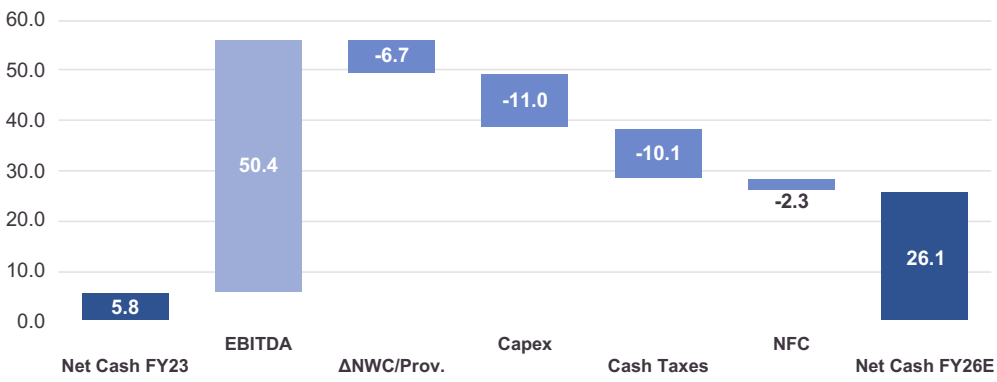
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Magis: Evolution of VoP, EBITDA Margin (reported), EBIT Margin FY23-FY26E



Source: Magis, Value Track Analysis

Magis: Net Financial Position bridge FY23-FY26E



Source: Magis, Value Track Analysis

Accordingly, we expect Magis to continue to exhibit strong ROE /ROIC values, demonstrating persistent financial robustness.

Magis: Key return indicators FY23-FY26E

ROE / ROIC Analysis (%)	2023	2024E	2025E	2026E
ROE (%, on avg. E t-1)	*24%*	*20%*	*18%*	*16%*
ROIC b.t. (%, on avg. IC t-1)	*36%*	*37%*	*37%*	*36%*
ROIC a.t. (%, on avg. IC t-1)	*27%*	*27%*	*27%*	*26%*

Source: Magis, Value Track Analysis

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FY23-FY26E P&L, Balance Sheet, Cash Flow

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	-3.3	-3.5	-3.9
Provisions	-0.2	0.0	0.0	0.0
EBIT	**12.0**	**12.5**	**13.3**	**13.8**
Interest Expenses / Other Non-Op. Items	-1.0	-0.8	-0.8	-0.7
Pre-Tax Profit	**11.0**	**11.7**	**12.6**	**13.1**
Taxes	-2.8	-3.2	-3.4	-3.5
Net Profit	**8.2**	**8.6**	**9.2**	**9.6**
Net Profit Margin (%)	***10.2%***	***10.2%***	***10.4%***	***10.4%***

Source: Magis, Value Track Analysis

Magis: Balance Sheet Structure FY23-FY26E

(€, mn)	2023	2024E	2025E	2026E
Net Fixed Assets	23.1	22.9	21.4	23.4
Net Working Capital	10.4	12.9	15.7	17.1
Provisions	0.6	0.6	0.6	0.7
Total Capital Employed	**32.9**	**35.2**	**36.4**	**39.8**
Group Net Equity	**38.6**	**47.2**	**56.4**	**65.9**
Net Cash (+) Debt (-)	**5.8**	**12.0**	**20.0**	**26.1**

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	-2.5	-2.8	-1.4
Capex (excl. Financial Inv.)	-1.7	-3.1	-2.0	-6.0
OpFCF b.t.	**12.3**	**10.2**	**12.1**	**10.4**
As a % of EBITDA	*82.1%*	*64.6%*	*71.9%*	*58.4%*
Cash Taxes	-2.8	-3.2	-3.4	-3.5
OpFCF a.t.	**9.5**	**7.0**	**8.7**	**6.8**
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**	**6.2**	**8.0**	**6.1**

Source: Magis, Value Track Analysis

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Fair Value update at €19.0

We **update our fair value at €19.0 per share (up from €18.5)**, that would imply 1.2x-1.0x EV/Sales and 6.3x-5.4x EV/EBITDA 2024E-25E multiples, still at big discount with international peers and slightly above domestic ones, which however is justified by much higher-than-average profitability and massive cash generation.

Our updated fair value reflects the combined effect of a lower Equity Risk Premium (adjusted from 5.6% to 5.2%, Source: Damodaran) and a modest sector multiples rerating, primarily driven by downward estimate revisions rather than any real stock appreciation, as prices have declined by an average of 5% since our initiation in April.

Magis: Sensitivity of implicit stock trading multiples at current market price

Equity Value p.s.	EV / Sales (x)			EV / EBITDA (x)			EV / EBIT (x)			P/E Adj. (x)			OpFCF Yield (%)		
	24E	25E	26E	24E	25E	26E	24E	25E	26E	24E	25E	26E	24E	25E	26E
€ 13.00	0.66	0.54	0.45	3.5	2.8	2.3	4.4	3.5	2.9	7.8	7.3	7.0	18.6	25.9	25.5
€ 19.00	1.19	1.04	0.93	6.3	5.4	4.8	7.9	6.8	6.2	13.0	12.1	11.6	10.3	13.3	12.2

Source: Value Track Analysis

More in details, we have taken into consideration the following methodologies:

- **DCF model**, aimed at capturing Magis medium-term growth potential, cash generation capability and risk profile, leading at ca. €21.8 p/s;
- **Peers Analysis**, aimed at assessing Magis valuation based on its 2024E-25E expected performance compared to peers and leading to €20.6 p/s;
- **ROIC / ROE based value maps cross check**, confirming a valuation above €19.0 p/s.

Magis: Valuation Summary

Valuation Methodologies	Fair Equity Value p/s (€)(*)	Fair Equity Value (€, mn)(*)
DCF Model	21.8	127.4
Current Market Multiples	20.6	120.6
ROIC / ROE based Value Map	>19.0	>111.2

Source: Value Track Analysis (*) Fully diluted basis

Discounted Cash Flow Model

We run a DCF model and calculate a **Fully Diluted Equity Value p.s. of €21.8**, mid-point of two methodologies depending on Magis capital structure. Our DCF assumptions are:

- Reference date Dec 2023, with 2024E-30E as explicit forecasts time horizon;
- 2.0% Risk Free Rate in line with medium term inflation target;
- TV calculated with perpetual growth model, which implies exit multiples broadly consistent with current FY24E market multiples, i.e. between 6.2x and 6.5x EV/EBITDA;
- Unlevered Beta at 1.0, usual conservative value for a small cap;
- 5.2% implied Italian equity risk premium (*Source: Damodaran*);
- 3.0% Magis specific small-size risk premium;
- 5.0% pre-tax and 3.8% after-tax cost of debt;

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- 1% Perpetuity Growth Rate ("g");
- Target Capital structure with Net Debt at 20% of the Capital Invested, assuming that current excess cash will be used for M&A;
- WACC fixed at 10.2%-9.7% for rolling and target 20% capital structure respectively, with the first being equal to the cost of equity as the company is cash positive and beta equal to 1.0.

Magis: DCF Model outcomes

€mn	@Rolling Capital Structure	@Target Capital Structure
PV of Future Cash-Flows 2024E-2030E	48.4	49.1
PV of Terminal Value 2030E	69.8	75.9
Fair Enterprise Value	**118.2**	**125.0**
Net Cash Position 2023A	5.8	5.8
Adjustments	0	0
Fair Equity Value € p.s. (*)	**21.2**	**22.3**
Fair Equity Value € p.s. (Mid-point)	**21.8**	

Source: Value Track Analysis, (*) Fully diluted

Magis: Sensitivity of DCF Model @ Target Capital Structure

Fair Equity Value p.s. (€)		Perpetuity Growth (%)				
		0.50%	**0.75%**	**1.00%**	**1.25%**	**1.50%**
WACC (%)	**8.7%**	24.2	24.7	25.2	25.8	26.4
	9.2%	22.8	23.2	23.7	**24.2**	24.7
	9.7%	21.6	21.9	**22.3**	22.8	23.2
	10.2%	20.5	**20.8**	21.1	21.5	21.9
	10.7%	19.5	19.8	20.1	20.4	20.7

Source: Value Track Analysis

Peers Analysis

We view as "fair" the 2024E-2025E domestic peers average multiples. By doing this, we get to 5.8x - 4.9x EV/EBITDA, 12.4x – 9.5x EV/EBIT, 12.4x - 9.5x Adj. P/E, 9.9x - 6.2x for EV/ (EBITDA - Capex) 2024E-2025E respectively. Such analysis leads to calculate Magis fully diluted average **fair Equity Value** per share at **€20.6.**

Magis: Peers' Trading Multiples

Peers	EV/EBITDA		EV/EBIT		P/E Adj.		EV/(EBITDA -Capex)	
	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Domestic Peeers								
Industrie Chimiche Forestali	4.7	3.7	12.7	8.6	10.5	8.2	5.7	4.5
Grifal	6.7	5.4	12.8	10.1	12.6	8.7	10.9	4.0
Zignago Vetro	7.4	6.7	12.5	11.0	14.1	12.0	11.7	8.4
Neodecortech	4.5	3.6	11.6	8.2	12.6	9.3	11.2	7.9
Average	**5.8**	**4.9**	**12.4**	**9.5**	**12.4**	**9.5**	**9.9**	**6.2**
Median	**5.7**	**4.6**	**12.6**	**9.4**	**12.6**	**9.0**	**11.0**	**6.2**
International Peers								
Avery Dennison	14.3	13.1	18.3	16.4	24.8	21.3	18.0	10.9
H.B Fuller Company	9.7	8.8	13.4	11.9	20.0	17.9	12.5	11.2
Arkema Group	6.0	5.3	9.7	8.3	12.9	10.0	10.7	9.3
Henkel AG&CO	9.0	8.3	11.2	10.3	17.4	16.4	11.0	10.2
Nitto Denko Corporation	7.4	6.0	10.6	8.3	17.8	14.0	11.1	9.4
Average	**9.3**	**8.3**	**12.6**	**11.0**	**18.6**	**15.9**	**12.6**	**10.2**
Median	**9.0**	**8.3**	**11.2**	**10.3**	**17.8**	**16.4**	**11.1**	**10.2**
Total Average	**7.7**	**6.8**	**12.5**	**10.4**	**15.9**	**13.1**	**11.4**	**8.4**
Total Median	**7.4**	**6.0**	**12.5**	**10.1**	**14.1**	**12.0**	**11.1**	**9.3**
Magis: Fair multiples	**3.6**	**2.9**	**4.6**	**3.7**	**8.1**	**7.6**	**4.3**	**3.2**
Prem./Disc. vs. Domestic Avg. (%)	*-37.6%*	*-39.8%*	*-62.9%*	*-60.9%*	*-34.8%*	*-20.6%*	*-56.6%*	*-48.0%*
Magis: Fair Value p.s. (€, f.d.)	**17.8**	**17.4**	**28.5**	**25.0**	**18.2**	**14.9**	**23.5**	**19.1**

Source: Consensus, Value Track Analysis

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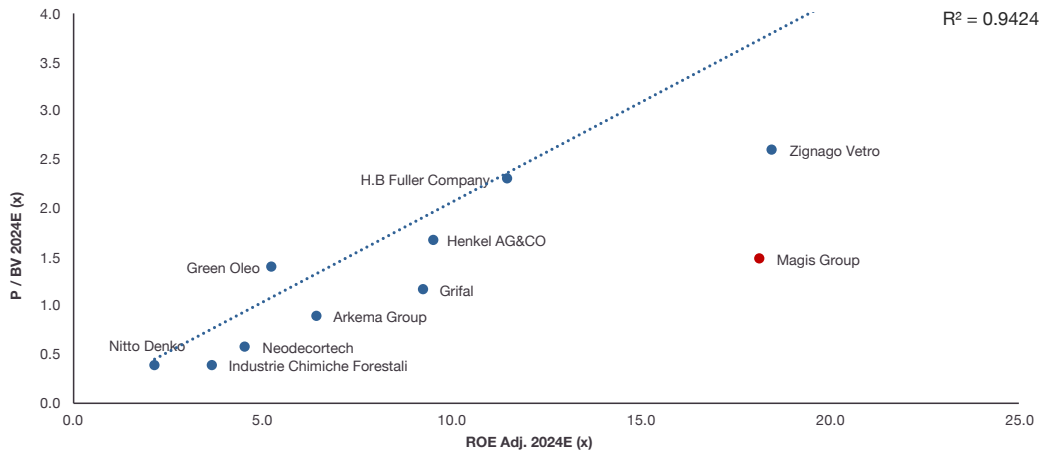
ROIC / ROE based Value Maps

Value maps highlight a high positive correlation between stock trading multiples of the selected companies and Return on Capital Employed or Return on Equity.

From this point of view, we believe Magis should be rewarded with higher-than-average multiples given its better than peers performance on these financial metrics.

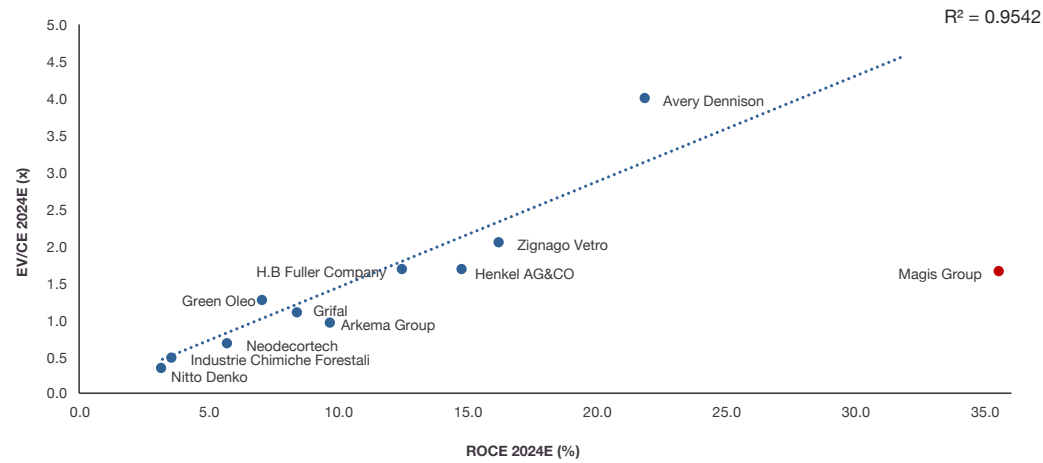
More in particular, taking into account our current forecast for Magis ROE/ROCE 2024E, we note that at our €19.0 fair value, Magis would boast P/BV and EV/CE 24E at ca. 2.1x and 2.5x respectively, still well below the trendlines identified by the value maps.

Magis: P/BV 24E vs. ROE 24E



Source: Market Consensus, Value Track Analysis

Magis: EV/CE 24E vs. ROCE 24E



Source: Market Consensus, Value Track Analysis

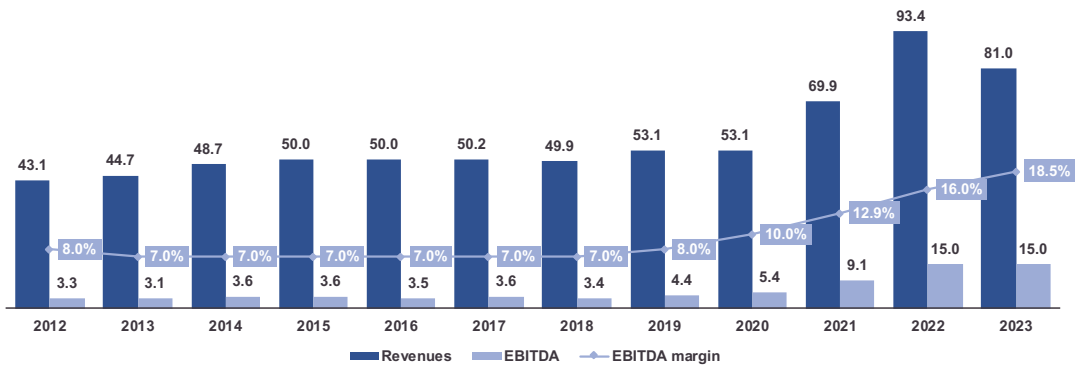
Appendix - Company Profile

Magis is a leading Italian B2B company active in design, manufacturing and commercialisation of customised adhesive tapes and closure systems for nappies and incontinence pads. Established in 1983, Magis has continually set itself apart through a dedication to innovation, being the first in Italy to adopt the "sandwich printing technique" and to apply hot melt on polypropylene. Further illustrating the company's innovative spirit is the introduction of the Tigil brand in 1998, aimed at providing closure systems for disposable diapers and adult incontinence products. The Company has always been managed by the Marzi family, which owns 65% of share capital.

Magis at a glance

With **2023 Value of Production and EBITDA at €81mn and €15mn** respectively, Magis ("the Group" or "MGS") is a leading Italian designer and manufacturer of customized adhesive tapes and closure systems for disposable nappies and incontinence pads. With a workforce exceeding 200 across two manufacturing sites, the Company boasts a robust network of over 800 direct customers and approximately 600 dealers globally.

Magis: Revenues - EBITDA - EBITDA margin evolution FY2012-FY2023 (€, mn)



Source: Magis

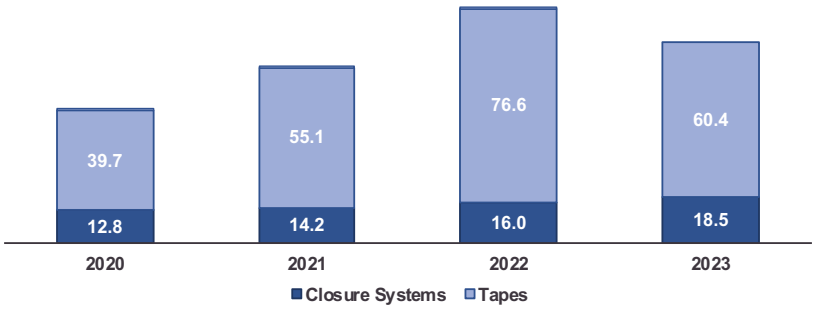
Magis operates through two business lines:

- **Adhesive tapes** (77% of Group Revenues in FY23), designing manufacturing and commercialising adhesive tapes featuring a wide range of support materials (PE, PET, RPET, PP and paper) and technologies (acrylic and hot-melt);
- **Closure Systems** (23% of Group Revenues in FY23), comprising frontal and side clips as well as personalised frontal landing zones for disposable nappies and incontinence pads, alongside the outer wrapping film for sanitary pads. The company markets its products through TIGIL brand and patented three innovative solutions.

Given its diverse array of products spanning multiple sectors, Magis's primary clientele encompasses entities within the packaging, food & beverage, pharmaceutical, and baby care industries.

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Magis: Revenues from sales by business line FY2020- FY2023 (€, mn)



Source: Magis, (*) Other Revenues not visible and substantially at ca. 1%

Historical Milestones

Magis was **founded back in 1983** by its current Executive Chairman Marco Marzi in Cerreto Guidi (Florence), as an early pioneer in the "premium" standard tapes adhesives sector.

Some key events that shaped the history of Magis are:

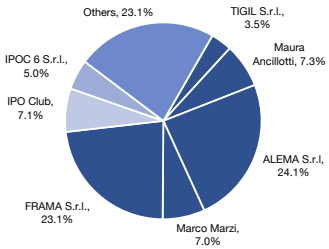
- **1994** - Magis expands its business with the opening of a new business line, the closure system for nappies and incontinence pads;
- **2006** - The production site in Cerreto Guidi (current main site) was founded, and further expanded in 2008;
- **2019** - New 20,000 sqm production site in Terrafino (Empoli) was acquired to be used for the final stage production (i.e. cut and finishing) and logistics;
- **2022** - Magis went public on Euronext Growth Milan. The process featured a pre-book deal led by Electa Ventures through IPOC 6, with cornerstone investments from IPO club, closed-end fund managed by Azimut.

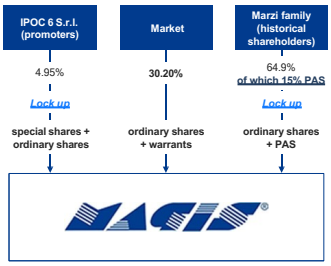
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Shareholders' structure

Marzi family is the main shareholder, cumulatively owning some 65% of Magis S.p.A., while 12% is owned by non-operating minority shareholders and 23% is free float.

Magis: Corporate Structure





Source: Magis, Value Track analysis

It is worth remembering that Marzi family, holds **800k Price Adjustment Shares** (ca. 15% of Magis' share capital), which are not listed and subjected to the achievement of certain 2023-24 targets with regard to Adj. EBITDA and Adj. NFP (i.e. including the IFRS16 effect).

In detail, economic targets to be achieved on 2023 fiscal year were as follows: €15.75mn Adj. EBITDA and € 11.0mn Adj. Net Debt position. These targets have been achieved.

As far as FY 2024 is concerned, the economic targets to be achieved are €16.54mn Adj. EBITDA and €0.5mn Adj. Net Cash position.

If Magis does not fully achieve the aforementioned targets, the Price Adjustment Shares will be proportionally cancelled.

Top Management: Structure & Powers

- **Marco Marzi** - Founder and Chairman, holds a profound expertise in the domain of adhesive tape production systems and nappy closure mechanisms, enriched by his extensive national and international experience. His proficiency in the mechanical engineering of complex industrial processes has been a cornerstone in the company's pursuit of innovation, leading to the successful patenting of several leading-edge solutions in both product categories;
- **Mattia Blegnini** - CEO since December 2022, his tenure at Magis began in 2018 as Deputy Sales Manager within the adhesive tapes sector, subsequently ascending to the role of Sales Director. He holds a Bachelor's degree in Economics and Business Management. His professional journey includes a significant tenure at Informatica System Srl, culminating in his appointment as CEO in 2014, preceded by a role as Sales Director from 2015 to 2018;
- **Francesca Marzi** - CFO and Head of Human Resources since 2005. She initially joined Magis in 2002 as Purchasing Deputy Manager, with a focus on procurement and coordination within the purchasing department. She also held the directorial position at Tigil Closure Systems Srl. Her educational qualifications include a Master's degree in Administration, Finance, and Control from Sole24Ore's business school;
- **Alessandra Marzi** - Now Sales Manager, Purchasing Deputy Manager, and interim Quality Control Manager. Previously COO from 2016 to 2020, she joined Magis in 2003 serving in various capacities within the closure systems business line, focusing on procurement, production planning, and order processing. She holds a Master's degree in Administration, Finance, and Control from Sole24Ore's business school.

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