

Magis

Sector: Packaging goods



2024: A Year That Delivers - and Pays Off

Magis SpA ("Magis" or "MGS") is active in the design, manufacturing and commercialization 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.

Earnings on track, strong cash fuels capex & stock buildup

Magis reported **solid FY24** results, in line with our expectations at the P&L level. Revenue growth and resilient operating profitability were maintained despite inflationary pressures, mostly on labour costs. Cash generation was extremely strong thanks to excellent NWC management, even after the company advanced 3-4 months' worth of raw material purchases and incurred €2mn in one-off development capex, evenly split between a new solar plant and a laminator for the Closure Systems division.

- ◆ Value of Production €85.2mn (+5.2% y/y), with highly profitable Closure Tapes increasing their incidence to 25% of total (23% in FY23);
- ◆ EBITDA €15.2mn (+1.6% y/y), with 17.9% margin (-64bps);
- ◆ Net Cash €14.7mn, compared to €5.8mn in FY23;
- ◆ Proposed FY24 dividend p/s at €0.92, (€5mn cash-out, 6.7% yield).

P&L ests. confirmed, BS factors dividend and higher capex

We confirm our P&L estimates and revise Net Cash Position forecasts to account for: (i) the impact of proposed FY24 dividend, (ii) our hypothesis of future 30% dividend payout ratio (no official dividend policy has been announced so far), (iii) higher development capex related to new initiatives.

We forecast Magis to maintain outstanding profitability levels (ROIC_{b.t.} higher than 35%), and to generate a material amount of cash in **2025-26E** years i.e., some **€34mn cumulated EBITDA** turning into **~€14mn Free Cash Flow**, to be utilized for: (i) penetration of American markets; (ii) further development of the premium / specialty segment; (iii) yearly dividends, in accordance with ongoing capex needs.

Ex- dividend & fully diluted Fair Value confirmed at €19.0 p/s

MGS is trading at 3.6x-3.2x EV/EBITDA 2025-26E multiples, close to 10% FCF yield, still at unjustified huge discount vs. listed peers. That said, visibility on macroeconomic evolution is currently pretty low as a result of US vs. Rest of the World Trade Tariffs battle, and we deem appropriate to apply a small discount to our valuation calculations that would lead to ca. €20 fair value per share. That's why we confirm €19.0/share fully diluted fair value, even factoring in the soon to come cash dividend payout.

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Fair Value (€) **19.0**
Market Price (€) **13.9**
Market Cap. (€m) **75.7**

KEY FINANCIALS (€mn)	2024A	2025	2026
VALUE OF PRODUCTION	85.2	88.4	92.3
EBITDA	15.2	16.5	17.3
EBIT	12.1	12.7	13.1
NET PROFIT	8.7	9.0	9.3
EQUITY	47.4	51.2	57.5
NET CASH (+) / DEBT (-)	14.7	16.8	20.0
EPS ADJ. (€)	1.61	1.66	1.71
DPS (€)	0.92	0.55	0.57

Source: Company (historical figures)

Value Track (2025-26E estimates)

KEY RATIOS	2024A	2025	2026
EBITDA MARGIN (%)	17.9	18.6	18.8
EBIT MARGIN (%)	14.2	14.4	14.2
ROIC b.t. (%)	37.0	36.9	35.0
ROE b.t. (%)	24.5	24.1	22.2
EV/SALES (x)	0.6	0.7	0.6
EV/EBITDA (x)	3.4	3.6	3.2
EV/EBIT (x)	4.3	4.6	4.2
P/E ADJ. (x)	7.6	8.4	8.1

Source: Company (historical figures)

Value Track (2025-26E estimates)

STOCK DATA	
MARKET PRICE (€)	13.9
SHS. OUT (m) (*)	5.3
MARKET CAP. (€m)	75.7
ENTERPRISE VALUE (€m)	55.7
FREE FLOAT (%)	23.1%
AVG. -20D VOL. ('000)	7,249
RIC / BBG	MGS.MI / MGS IM
52 WK RANGE	11.0 – 14.3

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.

Key Financials

€mn	2023A	2024A	2025E	2026E
Value of Production	81.0	85.2	88.4	92.3
Chg. % YoY	-13.3%	5.2%	3.7%	4.4%
EBITDA	15.0	15.2	16.5	17.3
EBITDA Margin (%)	18.5%	17.9%	18.6%	18.8%
EBIT	12.0	12.1	12.7	13.1
EBIT Margin (%)	14.8%	14.2%	14.4%	14.2%
Net Profit	8.2	8.7	9.0	9.3
Chg. % YoY	6.8%	5.6%	3.8%	3.2%
Adjusted Net Profit	8.2	8.7	9.0	9.3
Chg. % YoY	6.8%	5.6%	3.8%	3.2%
Net Fin. Position	5.8	14.7	16.8	20.0
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-1.7	-4.9	-3.0	-6.0
OpFCF b.t.	12.3	12.3	11.0	10.1
OpFCF b.t. as % of EBITDA	82.1%	80.8%	66.8%	58.0%

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

Investment case

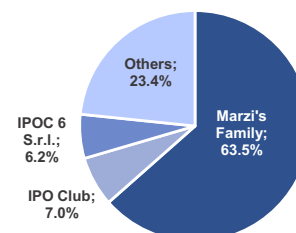
Strengths / Opportunities

- ◆ 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

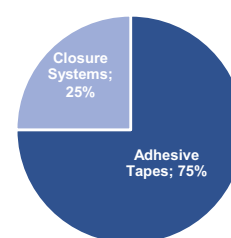
- ◆ Mature reference market with limited growth rates (single digit);
- ◆ Competitive landscape dominated by large conglomerates with global presence, dedicated R&D divisions and significant bargaining power.

Shareholders Structure



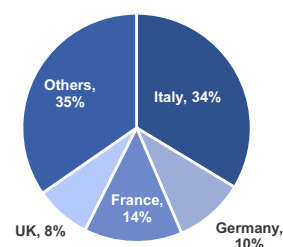
Source: Magis

FY24 Revenues by business line



Source: Magis

FY24 Revenues by geography



Source: Magis

Stock multiples @ €19.0 Fair Value

	2025E	2026E
EV / SALES (x)	1.0	0.9
EV / EBITDA (x)	5.3	4.8
EV / EBIT (x)	6.8	6.4
EV / CAP.EMP. (x)	2.5	2.2
OpFCF Yield (%)	12.7	12.0
P / E (x)	11.5	11.1
P / BV (x)	2.0	1.8
Div. Yield. (%)	2.9	3.0

Source: Value Track, fully diluted based

FY24 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 FY24 Magis choose to finalize some **opportunistic purchases of raw materials**, thus impacting Working Capital, and to tactically advance some **untant development Capex**, particularly in closure systems.

Magis: Group: Key Financials FY23-FY24

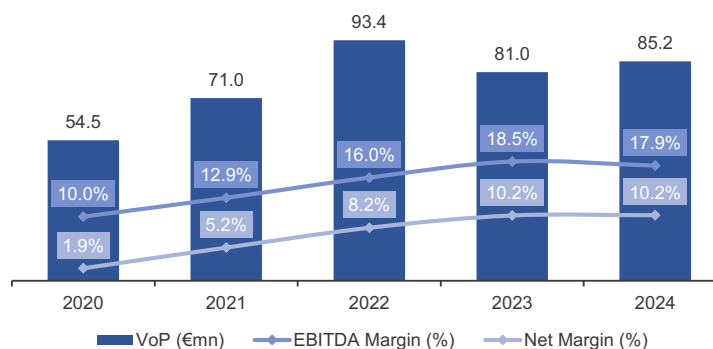
(€, mn)	FY23	FY24	Δ YoY (%)
Value of Production	81.0	85.2	5.2%
EBITDA	15.0	15.2	1.6%
<i>EBITDA Margin (% VoP)</i>	18.5%	17.9%	-64bps
EBITDA Adj.	16.3	16.8	3.0%
<i>EBITDA Adj. Margin (% VoP)</i>	20.1%	19.7%	-41bps
Net Profit	8.2	8.7	5.6%
<i>Net Margin (% VoP)</i>	10.2%	10.2%	-4bps
Net Cash (+) Debt (-)	8.2	14.7	+8.9mn

Source: Magis, Value Track Analysis

FY24 Growth driven by volumes and resilient margins

- ◆ **Value of Production at €85.2mn** (+5.2% y/y), with growth driven by higher sales volumes (+7/8%) and a 75% / 25% split between Adhesive Tapes and Closure Systems. Magis benefited from regulatory-driven demand for sustainable packaging, with **ESG-compliant products accounting for 12% of sales**;
- ◆ **EBITDA at €15.2mn**, (+1.6 % y/y) yet lower EBITDA Margin (-64bps y/y) mainly due to higher raw materials (+10.3% y/y) driven by advance inventory purchases, as well as increased labour costs (+15.0% y/y), linked to production hires (+10# y/y) and some inflationary pressures;
- ◆ **Net Profit at €8.7mn** (+5.6% y/y), outperforming EBITDA growth due to a significant reduction in financial charges - benefiting from strong returns on available liquidity -which more than offset higher D&A and tax expenses.

Magis: Evolution of VoP, EBITDA Margin Net Margin FY20-FY24



Source: Value Track analysis

Cash Generation and sound Balance Sheet

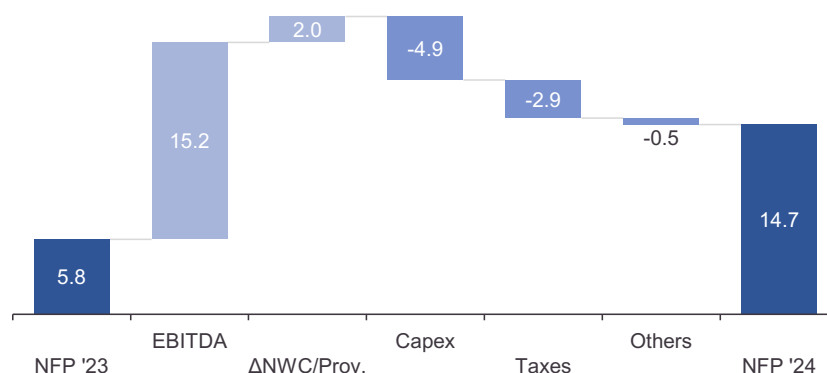
Magis cash generation was extremely strong in FY24, with **OpFCF_{b.t.} at €12.3mn** (~81% on EBITDA), after:

- ◆ **Net Working Capital releasing €2.0mn**, driven by improved receivables (€12.7mn vs. €14.8mn in FY23) collection and newly negotiated payment terms with suppliers;
- ◆ **Capex of €4.9mn**, including ~€2mn in development investments, almost evenly split between a photovoltaic system and the early purchase of a laminator for the Closure Systems division;

As such, **Net Cash (Reported, IT GAAP) stood at €14.7mn**, vs. €5.8mn Net Cash FY23 year-end

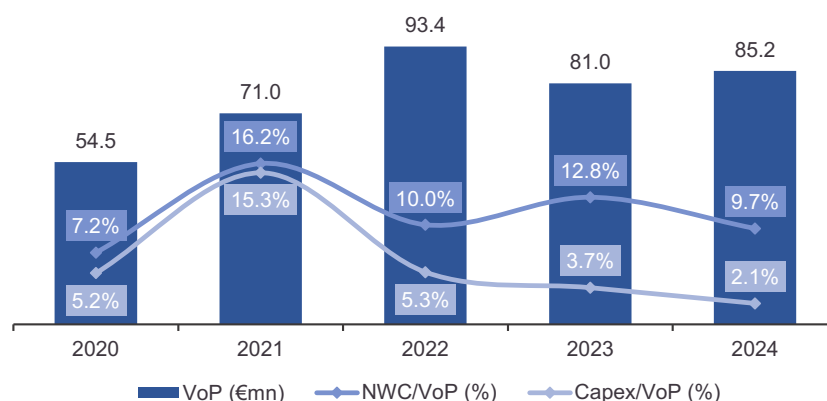
We note that cash generation could have been even better but Magis opted for opportunistic raw material purchases, weighing on working capital, and brought forward certain one-off development capex, primarily within the Closure Systems division.

Magis: Net Cash Position bridge FY23-FY24



Source: Magis, Value Track Analysis

Magis: VoP vs. Net Working Capital and Capex FY20-FY24



Source: Magis, Value Track Analysis

Magis: Net Working Capital FY20-FY24

(€, mn)	2020	2021	2022	2023	2024
Inventories	6.8	11.6	11.7	11.8	17.9
Trade Receivables	9.8	13.7	13.8	14.8	12.7
DSO (gg, on VoP + VAT)	65.6	70.5	54.0	66.9	54.3
Trade Receivables / VoP (%)	18.0%	19.3%	14.8%	18.3%	14.9%
Trade Payables	11.5	10.5	12.1	13.8	17.4
DPO (gg, on Total Operating Costs)	72.8	58.3	54.0	74.4	84.9
Trade Payables / VoP (%)	21.0%	14.8%	13.0%	17.0%	20.5%
Other Current Assets	0.9	1.6	2.5	0.8	2.7
Tax Payables	0.3	0.4	1.4	1.6	0.6
Other Current Liabilities	0.4	-1.0	-1.8	-1.8	-1.4
Accruals and deferrals	1.0	1.1	1.1	1.4	1.4
Net Working Capital	3.9	11.5	9.4	10.4	8.2
Net Working Capital / VoP (%)	7.2%	16.2%	10.0%	12.8%	9.7%

Source: Magis, Value Track Analysis

P&L, Balance Sheet, Cash Flow FY20-FY24**Magis: P&L FY20-FY24**

(€, mn)	2020	2021	2022	2023	2024
Value of Production	54.5	71.0	93.4	81.0	85.2
Raw Materials, Δ Inventory (Raw Materials)	-32.4	-43.6	-57.2	-45.3	-47.6
Gross Profit	22.1	27.3	36.2	35.7	37.6
Gross Margin (%)	40.5%	38.5%	38.7%	44.0%	44.1%
Costs of Services	-6.8	-8.1	-10.5	-10.1	-10.3
Costs of Rent	-1.8	-1.9	-1.9	-1.8	-1.8
G&A	-0.6	-0.2	-0.2	-0.3	-0.4
Labour Costs	-7.5	-8.0	-8.6	-8.5	-9.8
Reported EBITDA	5.4	9.1	15.0	15.0	15.2
Reported EBITDA Margin (%)	10.0%	12.9%	16.0%	18.5%	17.9%
D&A (excl. Goodwill)	-2.4	-2.7	-2.9	-2.8	-2.9
Provisions	-0.3	-0.1	-0.1	-0.2	-0.2
EBIT	2.8	6.3	12.0	12.0	12.1
Interest Expenses / Other Non-Op. Items	-1.1	-1.4	-1.6	-1.0	-0.5
Pre-Tax Profit	1.5	5.0	10.4	11.0	11.6
Taxes	-0.5	-1.3	-2.7	-2.8	-2.9
Net Profit	1.1	3.7	7.7	8.2	8.7
Net Profit Margin (%)	1.9%	5.2%	8.2%	10.2%	10.2%

Source: Magis, Value Track Analysis

Magis: Balance Sheet Structure FY20-FY24

(€, mn)	2020	2021	2022	2023	2024
Net Fixed Assets	22.3	24.3	24.1	23.1	25.0
Net Working Capital	3.9	11.5	9.4	10.4	8.2
Provisions	1.2	1.0	0.6	0.6	0.5
Total Capital Employed	25.1	34.8	32.9	32.9	32.7
Group Net Equity	14.0	17.8	30.4	38.6	47.4
Net Financial Position	-11.0	-17.0	-2.5	5.8	14.7

Source: Magis, Value Track Analysis

Magis: Cash Flow Structure FY20-FY24

(€, mn)	2020	2021	2022	2023	2024
EBITDA	5.4	9.1	15.0	15.0	15.2
Δ NWC	4.5	-7.6	2.1	-1.0	2.1
Capex (excl. Financial Inv.)	-8.3	-3.7	-3.5	-1.7	-4.9
Δ Provisions	0.7	-0.2	-0.4	0.0	-0.1
OpFCF b.t.	2.4	-2.3	13.2	12.3	12.3
As a % of EBITDA	43.7%	-25.3%	88.3%	82.1%	80.8%
Cash Taxes	-0.5	-1.3	-2.7	-2.8	-2.9
OpFCF a.t.	1.9	-3.6	10.5	9.5	9.4
Capital Injections	0.0	0.0	4.9	0.0	0.0
Other (incl. Financial Inv.)	4.7	-1.0	0.7	-0.3	0.0
Net Financial Charges	-1.1	-1.4	-1.6	-1.0	-0.5
Dividends Paid	0.0	0.0	0.0	0.0	0.0
Δ Net Financial Position	5.5	-6.0	14.5	8.3	8.9

Source: Magis, Value Track Analysis

What's new

Business Development

#1 Market still challenging, but strategic stocking pays off

In 2024, polymer and resin prices declined by 15–20% from early-year peaks, driven by weak demand across key end-markets across major end-markets (packaging, automotive, construction), lower input costs, and increased supply. Anticipating this trend, Magis adopted a strategic stock-building policy in the 2H, securing raw materials at favorable price levels. With **raw material costs up ~10%** in early 2025, Magis is well positioned to protect margins over the next 3-4 months by leveraging low-cost inventory and passing on cost increases, consistent with its historical ability to do so through indexed contracts or timely price adjustments. Clearly, this will be more evident for the particularly on inflation-linked contracts, which account for part of the portfolio.

#2 Going Premium” Approach Continues

Magis continues to pursue a clear “**Going Premium**” strategy across both of its core business segments, by investing in innovation, sustainability, and capacity expansion.

In the **tapes division**, the company has reinforced its positioning in the sustainable packaging space by launching the **first bi-oriented polypropylene adhesive tape made from 100% recycled material (eco A28)**, and specifically Used Cooked Oil (UCO). Sustainable tapes segment now weight ~12% of Sales and expected to grow - driven by rising demand and the added benefit of enabling clients to access **tax incentives / EU subsidies**.

Magis' Range of Sustainable Tape Solutions



Source: Magis, Value Track Analysis

#3 Investments on Organic Growth

In the absence of compelling M&A opportunities, Magis is prioritizing organic growth, as reflected in its 2024 investments of approximately €2mn - split evenly between a photovoltaic system and a new laminator for the closure systems division. More significantly, the company is already in negotiations for the **construction of a new high-spec coater**, similar to the one acquired in 2019. The project should involve a **~€5mn cash-out**, expected in 2026E, with operations starting in early 2027. This would come **on top of Magis' regular maintenance capex**, expected between €2-3mn per year. Note that even if the machine replaces an existing one, its **~55% higher capacity** is expected to unlock additional revenue potential for Magis.

Corporate Development

#1 Proposed dividend & expected dividend policy

The BoD has proposed a **€0.92 dividend per share for FY24** (~6.7% yield, ~€5mn cash-out in total). While no formal dividend policy is in place, we assume a sustainable, though potentially lower, payout going forward (such as 30%) - subject to capital allocation priorities, such M&A or US entry.

The proposed dividend does not constrain M&A capacity, though no deals appear imminent.

#2 Investment in USA

Magis is actively evaluating expansion into **North and South America**, identified as higher-growth regions compared to a more mature and increasingly competitive European market. Recent trade fair participation - and upcoming commercial initiatives, such as the past November fair in Chicago - are reinforcing the company's international development agenda, particularly for the tape segment.

As far as we know, and pending further visibility on potential trade tariffs - which could materially affect the project's return profile - the following elements represent the key strategic directions currently under evaluation.

- ◆ **Entry Strategy:** Magis is currently evaluating both partnership/joint venture structures and direct greenfield investment as potential modes of entry into the American market. The most probable option under consideration is to establish local production for core products while supplying add-ons from Italy;
- ◆ **Production:** A likely scenario under review is the setup of local production for high-potential adhesive tape products, complemented by the export of add-on items from Italy. Note that closure systems are not part of the current expansion perimeter, as they target a different market;
- ◆ **Target Geographies:** Tennessee - specifically Nashville - is under consideration due to its strong logistics infrastructure and proximity to key prospective clients;
- ◆ **Economic Rationale:** The company sees potential for a price premium over European levels in the U.S. market, though this may materialize gradually, as initial shipping/start-up costs could offset pricing benefits in the early phase.

#3 M&A

The Company confirms that, despite the FY24 dividend distribution, it remains **open to M&A opportunities** in adjacent sectors that offer clear synergies with its core operations. The strategic focus is on small-sized targets with complementary technologies or exposure to high-value verticals where Magis' existing know-how can be leveraged to enhance margins. That said, management has emphasized a selective approach, noting that no suitable target has been identified to date and reaffirming a **preference for organic growth in the absence of compelling opportunities**.

Estimates Review

We **confirm our P&L estimates and revise Net Financial Position projections** to account for higher capex-partly tied to strategic development, and to the proposed FY24 dividend (€0.92/share, ~€5mn cash-out). In the absence of further investments, **we consider a 30% payout ratio reasonable** after 2025, given the lack of a formal dividend policy.

As such, we expect the following:

- ◆ Value of Production to keep growing at a ~4.1% CAGR_{24A-26E} to ~€92.3mn in 2026E;
- ◆ Reported EBITDA - EBIT margin 2026E at ~18.8% -14.2%, leading to €17.3mn - €13.1mn EBITDA - EBIT respectively in 2026E;
- ◆ Some €34mn cumulated EBITDA turning into more than €14mn cumulated Free Cash Flow (before assumed dividends of €8mn);
- ◆ ROCE_{b.t.} steadily above the 35% threshold;
- ◆ Net Cash expected to increase up to ~€20mn in 2026E, assuming no M&A in the forecast period.

Magis: Old vs. New Estimates 2024-2026E

	2024			2025E			2026E		
€mn	Old	New	Δ (%)	Old	New	Δ (%)	Old	New	Δ (%)
Total Revenues	84.2	85.2	1.1%	88.4	88.4	0.0%	92.3	92.3	0.0%
EBITDA	15.8	15.2	-3.4%	16.9	16.5	-2.3%	17.7	17.3	-2.3%
EBITDA Margin (%)	18.7%	17.9%	-84 bps	19.1%	18.6%	-43 bps	19.2%	18.8%	-44 bps
EBIT	12.5	12.1	-3.2%	13.3	12.7	-4.6%	13.8	13.1	-5.0%
EBIT Margin (%)	14.9%	14.2%	-64 bps	15.1%	14.4%	-69 bps	14.9%	14.2%	-74 bps
Net Profit Adj.	8.6	8.7	1.5%	9.2	9.0	-1.8%	9.6	9.3	-2.7%
Net Fin. Position	12.0	14.7	+2.7mn	20.0	16.8	-3.2mn	26.1	20.0	-6.1mn

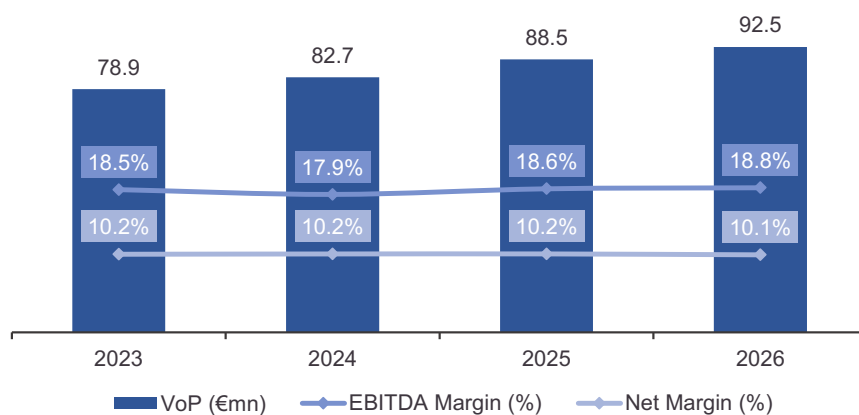
Source: Value Track Analysis

Magis: Key Financials FY24A-FY26E

(€, mn)	2023	2024	2025E	2026E	CAGR 24-26
Revenues from Sales	78.9	82.7	88.5	92.5	5.7%
Adhesive Tapes	60.4	62.8	66.4	69.4	5.1%
Closure Systems	18.5	19.9	20.9	21.9	4.8%
Others	2.1	2.4	2.2	2.3	-2.7%
Value of Production	81.0	85.2	88.4	92.3	4.1%
EBITDA	15.0	15.2	16.5	17.3	6.6%
EBITDA Margin (% VoP)	18.5%	17.9%	18.6%	18.8%	89bps
Net Profit	8.2	8.7	9.0	9.3	3.6%
Net Margin (% VoP)	10.2%	10.2%	10.2%	10.1%	-9bps
OpFCF _{a.t.} (pre dev.Capex)	9.8	11.3	9.2	11.1	-0.8%
FCF	8.3	8.9	2.1	3.2	-39.7%
ROCE (%)	36%	36.9%	36.9%	35.0%	-202bps
Net Cash Position	5.8	14.7	16.8	20.0	16.8%

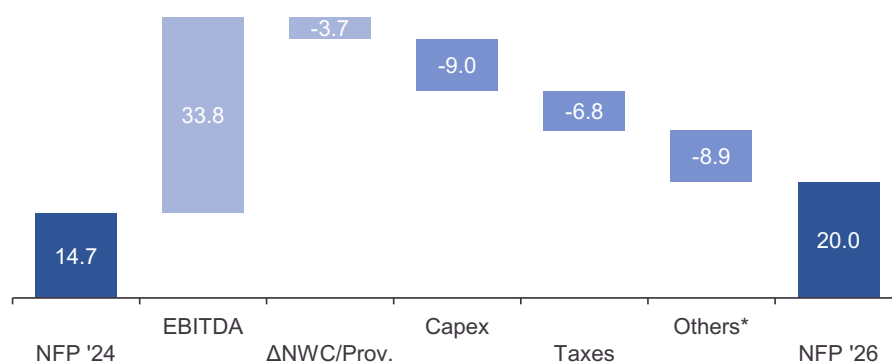
Source: Magis, Value Track Analysis

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



Source: Magis, Value Track Analysis

Magis: Net Financial Position bridge FY24-FY26E



Source: Magis, Value Track Analysis, (*) Including €8mn dividends

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	2024	2025E	2026E
ROE (% , on avg. E t-1)	24%	18%	18%	16%
ROIC b.t. (% , on avg. IC t-1)	36%	37%	37%	35%
ROIC a.t. (% , on avg. IC t-1)	27%	28%	27%	26%

Source: Magis, Value Track Analysis

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

Magis: P&L FY23-FY26E

(€, mn)	2023	2024	2025E	2026E
Value of Production	81.0	85.2	88.4	92.3
Raw Materials, Δ Inventory (Raw Materials)	-45.3	-47.6	-48.6	-50.6
Gross Profit	35.7	37.6	39.8	41.7
Gross Margin (%)	44.0%	44.1%	45.0%	45.2%
Costs of Services	-10.1	-10.3	-10.7	-11.2
Costs of Rent	-1.8	-1.8	-1.8	-1.8
G&A	-0.3	-0.4	-0.4	-0.4
Labour Costs	-8.5	-9.8	-10.4	-10.9
Reported EBITDA	15.0	15.2	16.5	17.3
Reported EBITDA Margin (%)	18.5%	17.9%	18.6%	18.8%
D&A (excl. Goodwill)	-2.8	-2.9	-3.8	-4.2
Provisions	-0.2	-0.2	0.0	0.0
EBIT	12.0	12.1	12.7	13.1
Interest Expenses / Other Non-Op. Items	-1.0	-0.5	-0.4	-0.4
Pre-Tax Profit	11.0	11.6	12.3	12.8
Taxes	-2.8	-2.9	-3.3	-3.4
Net Profit	8.2	8.7	9.0	9.3
Net Profit Margin (%)	10.2%	10.2%	10.2%	10.1%

Source: Magis, Value Track Analysis

Magis: Balance Sheet Structure FY23-FY26E

(€, mn)	2023	2024	2025E	2026E
Net Fixed Assets	23.1	25.0	24.2	26.0
Net Working Capital	10.4	8.2	10.7	12.0
Provisions	0.6	0.5	0.5	0.5
Total Capital Employed	32.9	32.7	34.4	37.5
Group Net Equity	38.6	47.4	51.2	57.5
Net Cash (+) Debt (-)	5.8	14.7	16.8	20.0

Source: Magis, Value Track Analysis

Magis: Cash Flow Structure FY23-FY26E

(€, mn)	2023	2024	2025E	2026E
EBITDA	15.0	15.2	16.5	17.3
Δ NWC / Δ Provisions	-1.0	2.1	-2.5	-1.3
Capex (excl. Financial Inv.)	-1.7	-4.9	-3.0	-6.0
OpFCF b.t.	12.3	12.3	11.0	10.1
As a % of EBITDA	82.1%	80.8%	66.8%	58.0%
Cash Taxes	-2.8	-2.9	-3.3	-3.4
OpFCF a.t.	9.5	9.4	7.7	6.6
Capital Injections	0.0	0.0	0.0	0.0
Other (incl. Financial Inv.)	-0.3	0.0	-0.2	0.0
Net Financial Charges	-1.0	-0.5	-0.4	-0.4
Dividends Paid	0.0	0.0	-5.0	-3.0
Δ Net Financial Position	8.3	8.9	2.1	3.2

Source: Magis, Value Track Analysis

€19 p/s still fair, with dividend priced-in

Visibility on macroeconomic evolution is currently pretty low as a result of US vs. Rest of the World Trade Tariffs battle. As such, we deem appropriate to apply a small discount to our valuation calculations that would lead to ca. €20 fair value per share.

That's why we **confirm our €19.0/share fully diluted fair value**, which now also reflects the dividend payout, meaning it is **on a post-dividend basis**. At this level, MGS would trade at **5.3x-4.8x EV/EBITDA** and **11.5x-11.1x P/E Adj. 2025-26E**, still at a discount to international peers and slightly above domestic ones, which however is justified by much higher-than-average profitability and massive cash generation.

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 (%)	
	25E	26E	25E	26E	25E	26E	25E	26E	25E	26E
€ 13.90	0.67	0.60	3.6	3.2	4.6	4.2	8.4	8.1	18.7	18.0
€ 19.00	0.98	0.90	5.3	4.8	6.8	6.4	11.5	11.1	12.7	12.0

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 €20.3 p/s;
- ◆ **Peers Analysis**, aimed at assessing Magis valuation based on its 2024-25E expected performance compared to peers and leading to €19.7 p/s;

It is worth noting that both methods are based on a Net Cash that factors the dividend payout.

Magis: Valuation Summary

Valuation Methodologies	Fair Equity Value p/s (€)(*)	Fair Equity Value (€, mn)(*)
DCF Model	20.3	118.9
Current Market Multiples	19.7	115.5
Average	20.0	117.2
Average w/ 5 % prudential discount	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 €20.3**, mid-point of two methodologies depending on Magis capital structure. Our DCF assumptions are:

- ◆ Reference date Dec 2024, with 2025-30E 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 FY24 market multiples, i.e. between 5.7x and 6.1x EV/EBITDA;
- ◆ Unlevered Beta at 1.0, usual conservative value for a small cap;
- ◆ 5.37% 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;
- ◆ 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 2025-2030E	39.4	40.0
PV of Terminal Value 2030E	66.7	72.3
Fair Enterprise Value	106.1	112.3
Net Cash Position 2024A	14.7	14.7
Net Cash Position 2024A (Ex-dividend)	9.7	9.7
Adjustments	0.0	0.0
Fair Equity Value € p/s (*)	19.8	20.8
Fair Equity Value € p/s (Mid-point)	20.3	

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 (%)	9.2%	21.2	21.6	22.1	22.5	23.0
	9.5%	20.7	21.0	21.4	21.9	22.3
	9.7%	20.1	20.5	20.8	21.2	21.7
	10.0%	19.6	19.9	20.3	20.6	21.0
	10.2%	19.1	19.4	19.7	20.1	20.5

Source: Value Track Analysis

Peers Analysis

We view as “fair” the 2025-2026E peers median multiples. By doing this, we get to 5.6x - 4.6x EV/EBITDA, 8.7x – 7.5x EV/EBIT, 12.5x - 10.4x Adj. P/E, 8.9 – 7.1x for EV/ (EBITDA - Capex) 2025-2026E respectively. Such analysis leads to calculate Magis fully diluted average **fair Equity Value** per share at **€19.7**

Magis: Peers' Trading Multiples

Peers	EV/EBITDA		EV/EBIT		P/E Adj.		EV/(EBITDA -Capex)	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Domestic Peers								
Industrie Chimiche Forestali	4.3	3.6	6.7	5.3	14.0	10.9	5.1	4.3
Grifal	5.5	4.0	14.8	7.6	16.7	6.0	9.9	5.1
Zignago Vetro	5.5	4.8	10.1	8.1	12.0	9.8	10.1	7.8
Neodecortech	4.0	3.5	8.3	7.3	8.7	6.7	8.9	6.9
Average	4.8	4.0	10.0	7.1	12.8	8.4	8.5	6.0
Median	4.9	3.8	9.2	7.5	13.0	8.3	9.4	6.0
International Peers								
H.B Fuller Company	8.0	7.5	11.8	10.4	12.9	11.2	10.8	10.1
Arkema Group	4.9	4.3	8.5	7.4	8.5	7.2	8.7	7.4
Henkel AG&CO	7.2	6.7	9.0	8.3	12.7	12.0	8.9	8.2
Nitto Denko Corporation	5.2	4.8	7.1	6.4	12.3	11.5	7.9	6.7
Average	6.3	5.8	9.1	8.1	11.6	10.5	9.1	8.1
Median	6.2	5.7	8.7	7.9	12.5	11.3	8.8	7.8
Total Average	5.6	4.9	9.5	7.6	12.2	9.4	8.8	7.0
Total Median	5.4	4.6	8.7	7.5	12.5	10.4	8.9	7.1
Magis: Fair Value p/s (€, f.d.)	19.4	18.2	23.5	21.8	20.6	17.7	21.9	14.8

Source: Consensus, Value Track Analysis

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