

Magis

Sector: Packaging goods



Tariffs, Input Costs, and FX: outlook recalibrated

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.

New commercial stance triggers “Guidance” revision

Magis has flagged in a Press Release a ~25% downside risk to FY25E EBITDA consensus estimate, driven by softer pricing dynamics and weaker volumes YTD. This reflects: (i) rising EU competition as Asian suppliers are pivoting from US market to EU ones in order to avoid Trump tariff, thus saturating the commoditized tape segment (~30% of FY24 volumes); (ii) sluggish demand across industrial end-markets; and (iii) inflation on key input raw materials, with 5–10% March–April spikes forcing to repurchase at highs before recent easing. In response, corrective actions were launched, including selective price increases, renegotiation of supply contracts, and targeted automation investments to improve cost efficiency.

On the positive side, the Closure Systems segment appears more resilient, with volume growth and no significant pricing pressure.

FY25-27E EPS cut by 30%, OpFCF conversion still robust >55%

We have revised our FY25-26E forecasts downward by 7% for VoP and 27% for EBITDA on average, with a negative 30% impact on EPS for FY25E-27E (now estimated at €1.13/share vs €1.63), also reflecting the counter-dilutive effect from the non-conversion of 100k warrants. While the company maintains a very healthy Net Cash Position, the deterioration in margin outlook is expected to translate into weaker cash generation over the forecast horizon: we still forecast Magis to maintain ROIC_{b.t.} higher than 25%, and generate a material amount of cash in **2025-27E** years i.e., some **€40mn cumulated EBITDA** turning into **~€15mn Free Cash Flow**, to be utilized for further development of the premium / specialty segment and yearly dividends, in accordance with ongoing capex needs. US expansion remains contingent on evolving trade conditions, as current effective import duties would exceed 21% (6.5% base + 15% tariff); meanwhile, Magis maintains market visibility through the Las Vegas trade fair.

Fair Value revised at €16.0 p/s (from €19.0)

At current market levels, MGS trades at 5.1x–4.3x EV/EBITDA 2025E–26E and offers a ~7% Free Cash Flow yield, still reflecting a ~10% discount to peers, despite the recent earnings reset. Factoring in 5.818m shares outstanding (post warrant expiration) and no remaining dilutive instruments, we revise our fair value to €16.0/share (from €19.0).

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Fair Value (€)	16.0
Market Price (€)	12.6
Market Cap. (€m)	73.3

KEY FINANCIALS (€mn)	2024A	2025	2026
VALUE OF PRODUCTION	85.2	82.9	85.0
EBITDA	15.2	11.6	13.1
EBIT	12.1	7.8	8.9
NET PROFIT	8.7	5.5	6.4
EQUITY	47.4	47.7	52.2
NET CASH (+) / DEBT (-)	14.7	14.4	16.6
EPS ADJ. (€)	1.61	0.97	1.10
DPS (€)	0.92	0.32	0.37

Source: Company (historical figures)

Value Track (2025-26E estimates)

KEY RATIOS	2024A	2025	2026
EBITDA MARGIN (%)	17.9	14.0	15.5
EBIT MARGIN (%)	14.2	9.4	10.4
ROIC b.t. (%)	37.0	23.4	24.9
ROE b.t. (%)	24.5	15.5	16.6
EV/SALES (x)	0.7	0.7	0.7
EV/EBITDA (x)	3.4	5.1	4.3
EV/EBIT (x)	4.3	7.6	6.4
P/E ADJ. (x)	7.6	13.0	11.5

Source: Company (historical figures)

Value Track (2025-26E estimates)

STOCK DATA	
MARKET PRICE (€)	12.6
SHS. OUT (m)	5.8
MARKET CAP. (€m)	73.3
ENTERPRISE VALUE (€m)	58.9
FREE FLOAT (%)	28.3%
AVG. -20D VOL. ('000)	10,478
RIC / BBG	MGS.MI / MGS IM
52 WK RANGE	11.9 – 15.5

Source: Stock Market Data



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	2024A	2025E	2026E	2027E
Value of Production	85.2	82.9	85.0	87.6
Chg. % YoY	5.2%	-2.7%	2.5%	3.0%
Reported EBITDA	15.2	11.6	13.1	15.3
EBITDA Margin (%)	17.9%	14.0%	15.5%	17.5%
EBIT	12.1	7.8	8.9	10.7
EBIT Margin (%)	14.2%	9.4%	10.4%	12.2%
Net Profit	8.7	5.5	6.4	7.8
Chg. % YoY	5.6%	-37.1%	17.2%	21.4%
Adjusted Net Profit	8.7	5.5	6.4	7.8
Chg. % YoY	5.6%	-37.1%	17.2%	21.4%
Reported Net Cash Position	14.7	14.4	16.6	20.3
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-4.9	-4.0	-5.0	-4.5
OpFCF b.t.	12.3	7.2	6.5	8.8
OpFCF b.t. as % of EBITDA	80.8%	62.3%	49.7%	57.6%

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

Investment case

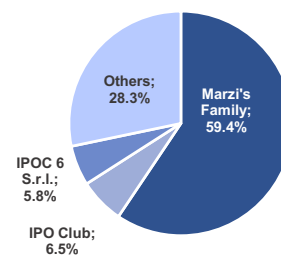
Strengths / Opportunities

- ◆ 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

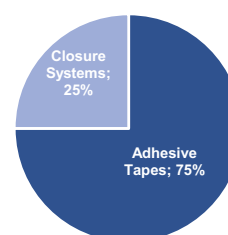
- ◆ Mature reference market with limited growth rates (single digit);
- ◆ Competitive landscape dominated by large conglomerates with global presence, dedicated R&D divisions and significant bargaining power.

Shareholders Structure



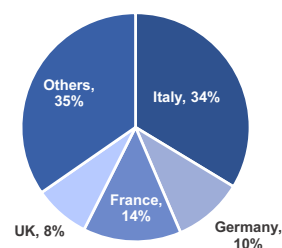
Source: Magis

FY24 Revenues by business line



Source: Magis

FY24 Revenues by geography



Source: Magis

Stock multiples @ €16.0 Fair Value

	2025E	2026E
EV / SALES (x)	0.9	0.9
EV / EBITDA (x)	6.8	5.8
EV / EBIT (x)	10.1	8.6
EV / CAP.EMP. (x)	2.4	2.1
OpFCF Yield (%)	9.2	8.5
P / E (x)	16.5	14.5
P / BV (x)	2.0	1.8
Div. Yield. (%)	2.0	2.3

Source: Value Track

Estimates Review

We factor in the management's latest indications and revise our FY25-26E estimates by ~7% for VoP and ~27% for EBITDA on average, with a **~30% negative impact on EPS for FY25E-27E** (now projected at €1.13/share vs €1.63), also factoring in the counter-dilutive effect from the non-conversion of ~100k warrants in July.

The new share count stands at 5,818,216, with no further dilutive instruments outstanding.

Magis: Old vs. New Estimates 2025-2027E

€mn	2025			2026E			2027E	
	Old	New	Δ (%)	Old	New	Δ (%)	n.a.	New
Total Revenues	88.4	82.9	-6.2%	92.3	85.0	-7.9%		87.6
EBITDA	16.5	11.6	-29.6%	17.3	13.1	-24.2%		15.3
<i>EBITDA Margin (%)</i>	18.6%	14.0%	-464 bps	18.8%	15.5%	-332 bps		17.5%
EBIT	12.7	7.8	-38.7%	13.1	8.9	-32.4%		10.7
<i>EBIT Margin (%)</i>	14.4%	9.4%	-498 bps	14.2%	10.4%	-377 bps		12.2%
Net Profit Adj.	9.0	5.5	-39.4%	9.3	6.4	-31.2%		7.8
Net Fin. Position	16.8	14.4	-2.4	19.9	16.6	-3.4		20.3

Source: Value Track Analysis

As such, for **FY25E** we expect the following.

- ◆ **Top line:** Revenue is projected to decline by ~3% y/y, almost equally split between volumes and price, and a neutral product mix. This reflects our assumption of a still-soft demand backdrop and ongoing pricing pressure in commoditized tape, offset by single-digit volume growth and pricing stability in Closure Systems;
- ◆ **Margins:** In line with updated company guidance, we forecast an EBITDA margin of ~14% in FY25E, reflecting the previously mentioned demand softness, pricing pressure on commoditized tape, input cost inflation, and a relatively fixed cost base that limits near-term flexibility. This also factors in potential US tariff impact, though effects remain nuanced and contingent on volumes shipped in 2H;
- ◆ **Cash generation** We expect Net Cash to remain broadly flat in FY25, as the projected ~€5.1mn FCF is entirely absorbed by the €5mn dividend already paid and by Net Financial Charges.

Beyond FY25E we expect a gradual volume recovery, supported by modest pricing (+1% y/y) and 1-2% annual mix improvement, driving ~2.5-3% sales growth per year. Margins should also progressively recover, reflecting ongoing raw material price normalization (already visible: -6% YTD, -15% from March peaks) and the ramp-up of efficiency measures. Still, we expect EBITDA to recover to FY24 levels not before FY27. Cash generation is also set to improve, supported by a working capital profile that, while gradually expanding, is expected to remain well managed under 15% of VoP, and assuming the planned Capex plan is maintained.

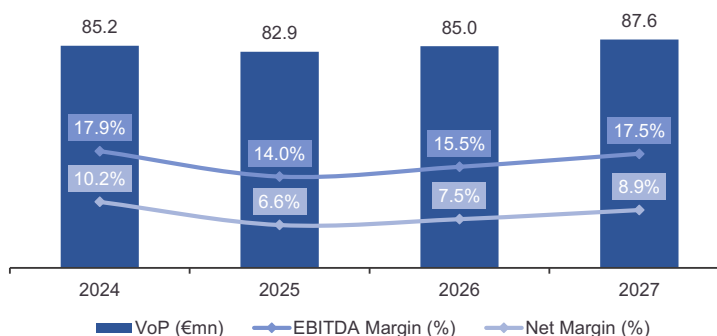
As for now, we consider a 30% payout ratio still reasonable after 2025, given the lack of an official dividend policy.

Magis: Key Financials FY24A-FY27E

(€, mn)	2024	2025E	2026E	2027E	CAGR 24-27
Revenues from Sales	79.7	79.7	82.0	84.0	2.7%
Adhesive Tapes	59.8	58.6	59.9	60.9	0.9%
Closure Systems	19.9	21.2	22.0	23.1	7.8%
Others	5.4	3.2	3.4	3.5	-19.7%
Value of Production	85.2	82.9	85.0	87.6	1.4%
EBITDA	15.2	11.6	13.1	15.3	0.3%
EBITDA Margin (% VoP)	17.9%	14.0%	15.5%	17.5%	-39bps
Net Profit	8.7	5.5	6.4	7.8	-5.4%
Net Margin (% VoP)	10.2%	6.6%	7.5%	8.9%	-132bps
OpFCF _{a.t.} (pre dev.Capex)	11.3	7.8	7.8	9.1	-10.3%
FCF	8.9	-0.3	2.2	3.8	-34.8%
ROCE (%)	37.0%	23.4%	24.9%	28.5%	-854bps
Net Cash Position	14.7	14.4	16.6	20.3	17.7%

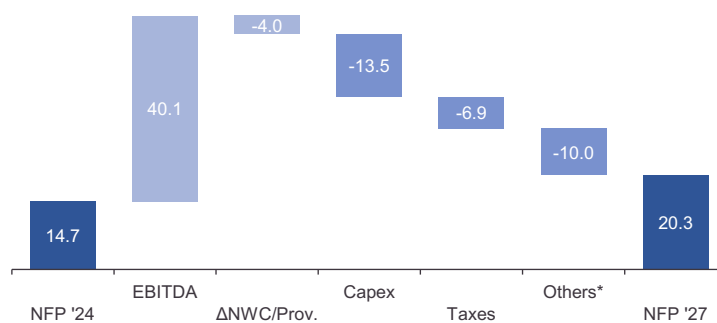
Source: Magis, Value Track Analysis

Magis: Evolution of VoP, EBITDA Margin (reported), Net Margin FY24-FY27E



Source: Magis, Value Track Analysis

Magis: Net Financial Position bridge FY24-FY27E



Source: Magis, Value Track Analysis, (*) Including €9mn dividends

FY24-FY27E P&L, Balance Sheet, Cash Flow

Magis: P&L FY24-FY27E

(€, mn)	2024	2025E	2026E	2027E
Value of Production	85.2	82.9	85.0	87.6
Raw Materials, Δ Inventory (Raw Materials)	-47.6	-48.6	-48.4	-48.3
Gross Profit	37.6	34.3	36.5	39.2
Gross Margin (%)	44.1%	41.4%	43.0%	44.8%
Costs of Services	-10.3	-10.2	-10.3	-10.5
Costs of Rent	-1.8	-1.7	-1.8	-1.8
G&A	-0.4	-0.4	-0.4	-0.4
Labour Costs	-9.8	-10.4	-10.9	-11.2
Reported EBITDA	15.2	11.6	13.1	15.3
Reported EBITDA Margin (%)	17.9%	14.0%	15.5%	17.5%
D&A (excl. Goodwill)	-2.9	-3.8	-4.3	-4.6
Provisions	-0.2	0.0	0.0	0.0
EBIT	12.1	7.8	8.9	10.7
Interest Expenses / Other Non-Op. Items	-0.6	-0.4	-0.2	-0.2
Pre-Tax Profit	11.6	7.4	8.6	10.5
Taxes	-2.9	-1.9	-2.2	-2.7
Net Profit	8.7	5.5	6.4	7.8
Net Profit Margin (%)	10.2%	6.6%	7.5%	8.9%

Source: Magis, Value Track Analysis

Magis: Balance Sheet Structure FY24-FY27E

(€, mn)	2024	2025E	2026E	2027E
Net Fixed Assets	25.0	25.2	25.9	25.7
Net Working Capital	8.2	8.6	10.2	12.2
Provisions	0.5	0.5	0.5	0.5
Total Capital Employed	32.7	33.3	35.6	37.5
Group Net Equity	47.4	47.7	52.2	57.8
Reported Net Cash (+) Debt (-)	14.7	14.4	16.6	20.3

Source: Magis, Value Track Analysis

Magis: Cash Flow Structure FY24-FY27E

(€, mn)	2024	2025E	2026E	2027E
EBITDA	15.2	11.6	13.1	15.3
Δ NWC / Δ Provisions	2.1	-0.4	-1.6	-2.0
Capex (excl. Financial Inv.)	-4.9	-4.0	-5.0	-4.5
OpFCF b.t.	12.3	7.2	6.5	8.8
As a % of EBITDA	80.8%	62.3%	49.7%	57.6%
Cash Taxes	-2.9	-1.9	-2.2	-2.7
OpFCF a.t.	9.4	5.3	4.3	6.1
Capital Injections	0.0	0.0	0.0	0.0
Other (incl. Financial Inv.)	0.2	-0.2	0.0	0.0
Net Financial Charges	-0.6	-0.4	-0.2	-0.2
Dividends Paid	0.0	-5.0	-1.9	-2.1
Δ Net Financial Position	8.9	-0.3	2.2	3.8

Source: Magis, Value Track Analysis

Valuation

At current stock market levels, MGS trades at 5.1x-4.3x EV/EBITDA 2025E-26E and offers a ~7% Free Cash Flow yield, still reflecting a ~10% discount to peers, despite the recent earnings reset. Factoring in 5.818m shares outstanding (post warrant expiration) and no remaining dilutive instruments, we revise our **fair value** to **€16.0/share** (from €19.0), reflecting both sector de-rating and a more conservative earnings trajectory in the short to medium term.

Magis: Sensitivity of implicit stock trading multiples at various stock market prices

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
€ 16.00	0.99	0.93	6.8	5.8	10.1	8.6	16.5	14.5	9.2	8.5
€ 12.60	0.74	0.69	5.1	4.3	7.6	6.4	13.0	11.5	12.2	11.5

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 €16.64 p/s;
- ◆ **Peers Analysis**, aimed at assessing Magis valuation based on its 2025-26E expected performance compared to peers and leading to €15.33p/s;

It is worth noting that both methods are based on a Net Cash that factors 2025 dividend cash out.

Magis: Valuation Summary

Valuation Methodologies	Fair Equity Value p/s (€)	Fair Equity Value (€, mn)
DCF Model	16.64	96.8
Current Market Multiples	15.33	89.2
Average	16.0	93.0

Source: Value Track Analysis

Discounted Cash Flow Model

We run a DCF model and calculate **€16.6 Equity Value p/s**, 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 below current FY25 market multiples, i.e. between 5.5x and 5.8x 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 gradually deployed — either through M&A or, in the absence of suitable targets, via internal investments (e.g. machinery upgrades or capacity enhancements);
- ◆ WACC fixed at 10.4%-9.9% 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	30.3	30.8
PV of Terminal Value 2030E	54.3	58.9
Fair Enterprise Value	84.6	89.7
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	16.2	17.1
Fair Equity Value € p/s (Mid-point)	16.6	

Source: Value Track Analysis

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 (%)	8.9%	18.4	18.8	19.2	19.6	20.1
	9.4%	17.4	17.7	18.1	18.4	18.8
	9.9%	16.5	16.8	17.1	17.4	17.7
	10.4%	15.7	15.9	16.2	16.5	16.8
	10.9%	14.9	15.2	15.4	15.6	15.9

Source: Value Track Analysis

Peers Analysis

Since our last update on April 15, 2025, the peer group has undergone a **15-20% multiple re-rating**, driven more by earnings downgrades (EBITDA -10% on average vs. April '25) than by price appreciation (Stock Prices +5% on average vs. April '25).

We continue to view as “fair” the 2025-2026E peers median multiples.

By doing this, we get to 6.3x - 5.4x EV/EBITDA, 11.1x - 9.1 x EV/EBIT, 15.3x - 12.4x Adj. P/E, 10.4 - 9.0x for EV/ (EBITDA - Capex) 2025-2026E respectively. Such analysis leads to calculate Magis average **€15.33 fair Equity Value** per share.

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	5.0	4.2	7.7	6.2	16.6	12.6	6.0	5.1
Grifal	5.6	4.0	14.9	7.7	17.0	6.1	9.9	5.2
Zignago Vetro	6.7	5.5	14.6	10.4	18.5	12.9	14.8	9.7
Neodecortech	4.1	3.7	8.5	7.6	9.3	7.2	9.1	7.2
Average	5.3	4.4	11.4	8.0	15.3	9.7	10.0	6.8
Median	5.3	4.1	11.5	7.6	16.8	9.9	9.5	6.2
International Peers								
H.B Fuller Company	8.3	7.7	12.1	10.8	14.0	12.1	10.9	10.3
Arkema Group	5.9	5.3	11.3	9.8	12.1	10.0	11.0	9.3
Henkel AG&CO	7.7	7.1	9.4	8.7	13.3	12.7	9.3	8.6
Nitto Denko Corporation	7.6	6.9	10.8	9.5	17.5	15.8	15.0	10.5
Average	7.4	6.7	10.9	9.7	14.2	12.7	11.5	9.7
Median	7.7	7.0	11.1	9.7	13.6	12.4	10.9	9.8
Total Average	6.3	5.5	11.2	8.8	14.8	11.2	10.8	8.2
Total Median	6.3	5.4	11.1	9.1	15.3	12.4	10.4	9.0

Source: Consensus, Value Track Analysis

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