

MAGIS

Sector: Packaging Goods

A Very Challenging 2025

Magis SpA 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, and customer-focused approach. These elements have been instrumental in building strong ties with clients, across industries like logistics, food & beverage, pharma, electronics, clothing and baby care.

1H25 Results: Weak as Expected

As anticipated, 1H25 came in soft on weak demand, tougher competition, and input cost pressure. We highlight some key messages.

- VoP at €40.9mn (-9.0% y/y), driven by softer pricing and volumes amid intensified EU competition from Asian suppliers crowding the commoditized tapes segment (~30% of FY24 volumes) and subdued industrial demand;
- EBITDA at €4.3mn (-46.8% y/y), margin 10.6% (-749bps y/y), primarily reflecting (i) inflation on key raw materials (COGS flattish vs. VoP -9%), with spikes in Mar-Apr forcing re-stocking at peak prices; and (ii) largely fixed Opex that proved hard to compress, driving negative operating leverage as the top line declined;
- Net Cash at €3.0mn vs. €14.7mn Net Cash FY24 year-end, with the swing driven by the ~€5mn dividend paid in May and ~€8mn NWC absorption, reflecting inventory rebuild, and a tightening on the payables side (shorter supplier terms / DPO compression).

Estimates: Cut in line with Guidance Revision

Management disclosed a new guidance of €75-80mn Sales and €8.3-11mn EBITDA (midpoint) for 2025-26E, i.e. a step-down vs. prior estimates partly reflecting the delay of a >€3mn p.a. body-care contract. Accordingly, we trim FY25-27E forecasts by 6% for VoP and 23% for EBITDA on average, with a negative 30% impact on EPS (now estimated at €0.77/share vs previous €1.13).

Earnings deterioration is set to compress cash generation: we now expect FY25E Net Cash at €8.4mn (vs. €14.4mn prev. est.) but improving markedly vs. 1H25 on NWC normalization. As for FY26-27E, we expect cumulated ~€23mn EBITDA turning into ~€6mn FCF to be utilized for further development of the premium/specialty segment and potentially dividends, in accordance with ongoing capex needs. US expansion remains conditional on trade dynamics, with a final decision due in the coming weeks following recent meetings overseas.

Valuation: Fair Value at €12.5/sh. (previous €16.0/sh.)

We cut our fair value to €12.5/share (from €16.0), reflecting a 10% multiples re-rating offset by a more conservative near- to mid-term earnings trajectory. The valuation method is unchanged, i.e. still derived from a DCF (€14.0/share) and a Peers' Multiples analysis (€11.0/share).

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FAIR VALUE (€)	12.5
MARKET PRICE (€)	10.8
MARKET CAP (€mn)	62.8

KEY FINANCIALS	FY24	FY25E	FY26E
VALUE OF PRODUCTION	85.2	76.0	80.1
EBITDA	15.2	8.2	10.6
EBIT	12.1	4.6	6.6
NET PROFIT	8.7	3.0	4.6
GROUP NET EQUITY	47.4	45.2	48.8
NET DEBT (-) / NET CASH (+)	14.7	8.4	10.9
EPSADJ.	1.61	0.54	0.80
DPS	0.92	0.18	0.27

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

RATIOS AND MULTIPLES	FY24	FY25E	FY26E
EBITDA MARGIN (%)	17.9	10.8	13.3
EBIT MARGIN (%)	14.2	6.1	8.2
NET PROFIT MARGIN (%)	10.2	4.0	5.8
ROIC b.t. (%)	37.0	12.5	17.4
ROE b.t. (%)	24.5	9.1	12.9
EV/SALES (x)	0.7	0.7	0.7
EV/EBITDA (x)	3.4	6.6	4.9
EV/EBIT (x)	4.3	11.8	7.9
P/E ADJ. (x)	7.6	20.0	13.5

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

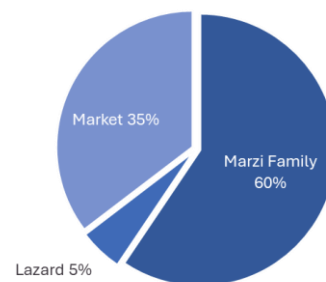
STOCK DATA	
MARKET PRICE (€)	10.8
NOSH (mn)	5.8
MARKET CAP (€mn)	62.8
ENTERPRISE VALUE (€mn)	54.4
FREE FLOAT (%)	35.4
AVGL30D VOLUME ('000)	3,736
RIC / BBG	MGS.MI / MGSIM
52 WK MAX - MIN (€)	10.2 - 15.2

Source: Stock Market Data

Description

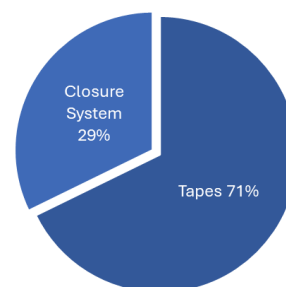
Magis S.p.A. is a leading Italian company active in the design, manufacturing and marketing of adhesive tapes and closure systems for nappies and incontinence pads. Throughout its ~40-year history, Magis has been recognized for its commitment to R&D, excellence in product development and manufacturing, 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



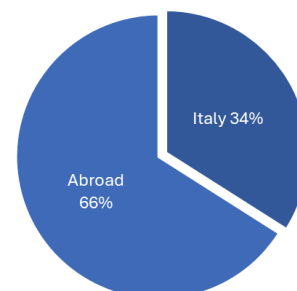
Source: Magis

SALES BY BUSINESS LINE 1H25



Source: Magis

SALES BY GEOGRAPHY 1H25



Source: Magis

MULTIPLES @ FAIR VALUE	FY25E	FY26E
EV / SALES (x)	0.9	0.8
EV / EBITDA (x)	7.8	5.8
EV / EBIT (x)	13.9	9.4
EV / CAP. EMPLOYED	1.7	1.6
OpFCF Yield (%)	0.8	8.9
P / E (x)	23.2	15.7
P / BV (x)	1.6	1.5
Dividend Yield (%)	1.4	2.1

Source: Value Track Analysis

Financial Highlights

KEY FINANCIALS (OIC, €mn)	FY24	FY25E	FY26E	FY27E	FY28E
Value of Production	85.2	76.0	80.1	84.5	85.2
y/y (%)	5.2%	-10.8%	5.4%	5.4%	5.2%
EBITDA	15.2	8.2	10.6	12.1	15.2
EBITDA Margin (%)	17.9%	10.8%	13.3%	14.3%	17.9%
EBIT	12.1	4.6	6.6	7.7	12.1
EBIT Margin (%)	14.2%	6.1%	8.2%	9.1%	14.2%
Net Profit	8.7	3.0	4.6	5.5	8.7
y/y (%)	5.6%	-65.0%	53.1%	17.5%	5.6%
Adj. Net Profit	8.7	3.0	4.6	5.5	8.7
y/y (%)	5.6%	-65.0%	53.1%	17.5%	5.6%
Net Fin. Position [Net Debt (-) / Cash(+)]	14.7	8.4	10.9	13.7	14.7
Net. Fin. Pos. / EBITDA (x)	nm	nm	nm	nm	nm
Capex	-4.9	-3.8	-5.5	-4.5	-4.9
OpFCF b.t.	12.3	0.5	5.5	6.6	12.3
OpFCF b.t. / EBITDA (%)	80.8%	6.0%	51.7%	54.1%	80.8%

Source: Magis, Value Track Analysis

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;
- Rising EU competition as Asian suppliers are pivoting from US market to EU ones in order to avoid tariffs, saturating the commoditized tape segment.

1H25 Results

Profit & Loss

- **Value of Production** at €40.9mn (-9.0% y/y), driven by softer pricing and volumes amid intensified EU competition-Asian suppliers diverting from the U.S. to Europe ahead of tariff risk, crowding the commoditized tapes segment (~30% of FY24 volumes) – as well as subdued industrial demand;
- **Gross Profit** at €16.0mn (-18% y/y), margin at 39.8% (-440bps y/y), primarily reflecting inflation on key raw materials (COGS flattish vs. VoP -9%), with spikes in March-April forcing re-stocking at peak prices before the recent easing;
- **EBITDA** at €4.3mn (-46.8% y/y), margin 10.6% (-749bps y/y), as largely fixed Opex that proved hard to compress, driving negative operating leverage as the top line declined;
- **Net Profit** at €1.6mn (-63.6% y/y), declining more than proportionally to operating results due to a higher D&A incidence from recent investments, while taxes and interest remained broadly stable.

Profit and Loss 1H24-2H25

(OIC, €mn)	1H24	2H24	1H25	Δ YoY (%)
Value of Production	44.3	40.9	40.3	-9.0%
Raw Materials	-24.7	-22.9	-24.3	-1.9%
Gross Profit	19.6	18.0	16.0	-18.1%
Gross Margin (%)	44.2%	44.0%	39.8%	-440bps
Costs of Services	-5.3	-5.1	-5.5	4.0%
Costs of Rent	-0.9	-0.9	-0.9	2.9%
G&A	-0.5	0.1	-0.4	-13.0%
Labour Costs	-4.9	-4.9	-4.9	0.6%
EBITDA	8.0	7.2	4.3	-46.8%
EBITDA Margin (%)	18.1%	17.7%	10.6%	-749bps
D&A (excl. Goodwill)	-1.4	-1.5	-1.7	18.2%
Provisions	0.0	-0.2	0.0	nm
EBIT	6.6	5.5	2.6	-61.0%
Interest Expenses	-0.4	-0.2	-0.3	-27.8%
Pre-Tax Profit	6.1	5.5	2.3	-62.3%
Taxes	-1.6	-1.3	-0.7	-58.4%
Net Profit	4.5	4.2	1.6	-63.6%
Net Profit Margin (%)	10.2%	10.2%	4.1%	-613bps

Source: Magis, Value Track Analysis

Cash Flow & Balance Sheet

Magis **Net Cash declined to €3.0mn at 1H25 from €14.7mn at FY24 year-end**, driven by the **~€5mn dividend paid** in May and **~€8mn working-capital absorption**, while capex was broadly in line with D&A. The main swing was working capital, absorbing €8.4mn in 1H25 and reflecting a challenging market backdrop of intensified competition and weak volumes. That increase was mainly driven by:

- inventory rebuilds at higher prices during cost spikes, with inventory remaining elevated at ~21% of VoP;
- a commercial strategy to secure premium customers through more favorable payment terms (trade receivables €15.7mn vs. €12.7mn as of Dec'24);
- accelerated supplier payments to access purchase discounts and mitigate cost inflation (trade payables €12.2mn vs. €17.4mn as of Dec'24).

A normalization is expected in 2H25, supported by a gradual volume recovery and stricter WC discipline.

Balance Sheet 1H24-2H25

(OIC, €mn)	1H24	2H24	1H25
Net Fixed Assets	23.4	25.0	24.9
Net Working Capital	13.5	8.2	16.6
Provisions	0.8	0.5	0.5
Total Capital Employed	36.1	32.7	41.0
Group Net Equity	43.0	47.4	44.1
Net Financial Position	6.9	14.7	3.0

Source: Magis, Value Track Analysis

Cash Flow 1H24-2H25

(OIC, €mn)	1H24	2H24	1H25
EBITDA	8.0	7.2	4.3
Δ NWC	-3.1	5.2	-8.4
Capex (excl. Financial Inv.)	-1.9	-3.0	-1.7
OpFCF b.t.	3.2	9.1	-5.8
<i>As a % of EBITDA</i>	<i>39.7%</i>	<i>126.3%</i>	<i>nm</i>
Cash Taxes	-1.6	-1.3	-0.7
OpFCF a.t.	1.6	7.8	-6.4
Capital Injections	0.0	0.0	0.0
Others (incl. Financial Inv.)	0.0	0.2	0.1
Net Financial Charges	-0.4	-0.2	-0.3
Dividends Paid	0.0	0.0	-5.0
Δ Net Financial Position	1.1	7.8	-11.7
Net Financial Position	6.9	14.7	3.0

Source: Magis, Value Track Analysis

Estimates Review

New Guidance

The challenging market stance has led management to revise its guidance, now expecting **FY25E revenues around €75mn and EBITDA of €8-8.5mn (10–11% margin)**, reflecting a more cautious view amid persistent input inflation and soft demand. Notably, this represents a **second guidance revision** following the late-July update. Medium-term visibility remains constructive, with gradual margin recovery projected from late 2025, supported by structural efficiency measures, new body-care machinery coming online in December 2025, and the planned installation of a new hot-melt coater in 2027.

Management's assumptions include:

- Revenue growth of 5-8% p.a. in 2026–27;
- EBITDA margin improvement to 13-14% in 2026 and further upside thereafter.

Based on these indications, we have **developed a simplified best-and worst-case scenario analysis**, reflecting the upper and lower bounds of management's guidance on both topline growth and profitability.

Management Guidance and Sensitivity

(OIC, €mn)	FY25E	FY26E	FY27E
Best Case			
Revenues	75.0	81.0	87.5
EBITDA	8.5	11.3	12.7
EBITDA Margin (%)	11.3%	14.0%	14.5%
Mid Case			
Revenues	75.0	79.9	85.1
EBITDA	8.3	10.8	11.9
EBITDA Margin (%)	11.0%	13.5%	14.0%
Worst Case			
Revenues	75.0	78.8	82.7
EBITDA	8.0	10.2	11.2
EBITDA Margin (%)	10.7%	13.0%	13.5%

Source: Magis, Value Track Analysis

Implications on Estimates and Our Revision

We factor in management's latest indications, positioning our assumptions at the mid-point of the revised guidance, and cut our FY25–27E estimates by ~6% for VoP and ~23% for EBITDA on average, with a ~30% negative impact on EPS for FY25E–27E now estimated at €0.77/share (vs previous €1.13).

Old vs. New Estimates FY25-27E

(OIC, €mn)	2025E			2026E			2027E		
	Old	New	Chg. %	Old	New	Chg. %	Old	New	Chg. %
Value of Production	82.9	76.0	-8.3%	85.0	80.1	-5.7%	87.6	84.5	-3.5%
EBITDA	11.6	8.2	-28.9%	13.1	10.6	-19.1%	15.3	12.1	-20.9%
EBITDA Margin (%)	14.0%	10.8%	-314bps	15.5%	13.3%	-219bps	17.5%	14.3%	-316bps
EBIT	7.8	4.6	-40.8%	8.9	6.6	-25.5%	10.7	7.7	-28.1%
EBIT Margin (%)	9.4%	6.1%	-333bps	10.4%	8.2%	-219bps	12.2%	9.1%	-311bps
Net Profit	5.5	3.0	-44.5%	6.4	4.6	-27.4%	7.8	5.5	-29.7%
Net Financial Position	14.4	8.4	-41.6%	16.6	10.9	-34.3%	20.3	13.7	-32.8%

Source: Magis, Value Track Analysis

Beyond FY25E, we assume **5-6% annual sales growth**, split roughly 50/50 between volume recovery and modest pricing/mix uplift. Margins should gradually recover with cost normalization, though EBITDA / FCF is unlikely to reach FY24 levels: we project **€23mn cumulative EBITDA yielding ~€6mn FCF**, mainly directed to premium/specialty development, assuming stable capex and a well-managed WC profile (~15% of VoP).

Profit and Loss FY24-FY27E

(OIC, €mn)	FY24	FY25E	FY26E	FY27E	CAGR _{FY24-27E}
Value of Production	85.2	76.0	80.1	84.5	-0.3%
Raw Materials	-47.6	-44.8	-46.1	-48.2	0.4%
Gross Profit	37.6	31.2	34.1	36.3	-1.1%
Gross Margin (%)	44.1%	41.1%	42.5%	43.0%	427bps
Costs of Services	-10.3	-10.6	-10.6	-11.0	2.0%
Costs of Rent	-1.8	-1.8	-1.9	-1.9	2.0%
G&A	-0.4	-0.6	-0.6	-0.7	19.5%
Labour Costs	-9.8	-9.9	-10.3	-10.7	2.8%
EBITDA	15.2	8.2	10.6	12.1	-7.4%
EBITDA Margin (%)	17.9%	10.8%	13.3%	14.3%	-355bps
D&A (excl. Goodwill)	-2.9	-3.6	-4.0	-4.4	15.3%
Provisions	-0.2	0.0	0.0	0.0	-100.0%
EBIT	12.1	4.6	6.6	7.7	-14.1%
Interest Expenses	-0.6	-0.5	-0.3	-0.3	-23.5%
Pre-Tax Profit	11.6	4.1	6.3	7.4	-14.0%
Taxes	-2.9	-1.1	-1.6	-1.9	-13.3%
Net Profit	8.7	3.0	4.6	5.5	-14.3%
Net Profit Margin (%)	10.2%	4.0%	5.8%	6.5%	-373bps

Source: Magis, Value Track Analysis

Balance Sheet FY24-FY27E

(OIC, €mn)	FY24	FY25E	FY26E	FY27E
Net Fixed Assets	25.0	25.1	26.6	26.6
Net Working Capital	8.2	12.2	11.9	13.0
Provisions	0.5	0.5	0.5	0.5
Total Capital Employed	32.7	36.8	37.9	39.1
Group Net Equity	47.4	45.2	48.8	52.7
Net Financial Position	14.7	8.4	10.9	13.7

Source: Magis, Value Track Analysis

Cash Flow FY24-FY27E

(OIC, €mn)	FY24	FY25E	FY26E	FY27E
EBITDA	15.2	8.2	10.6	12.1
Δ NWC	2.1	-4.0	0.4	-1.1
Capex (excl. Financial Inv.)	-4.9	-3.8	-5.5	-4.5
OpFCF b.t.	12.3	0.5	5.5	6.6
As a % of EBITDA	80.8%	6.0%	51.7%	54.1%
Cash Taxes	-2.9	-1.1	-1.6	-1.9
OpFCF a.t.	9.4	-0.6	3.9	4.6
Capital Injections	0.0	0.0	0.0	0.0
Others (incl. Financial Inv.)	0.2	-0.2	0.0	0.0
Net Financial Charges	-0.6	-0.5	-0.3	-0.3
Dividends Paid	0.0	-5.0	-1.0	-1.5
Δ Net Financial Position	8.9	-6.3	2.5	2.8
Net Financial Position	14.7	8.4	10.9	13.7

Source: Magis, Value Track Analysis

Valuation

At current stock market levels, MGS trades at 6.6x-4.9x EV/EBITDA 2025E-26E, at discount versus peers on EV/EBITDA and EV/EBIT and at premium on P/E also considering the recent earnings reset.

We revise our fair value to **€12.5/share** (from €16.0), reflecting a 10% multiples re-rating but a more conservative earnings trajectory in the short to medium term.

Sensitivity of implicit stock trading multiples at market price and at fair value

Equity Value p/s	EV / Sales (x)		EV / EBITDA (x)		EV / EBIT (x)		P/E Adj. (x)		OpFCF Yield (%)	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
€12.50	0.86	0.79	7.8	5.8	13.9	9.4	23.2	15.7	0.8	8.9
€10.80	0.73	0.66	6.6	4.9	11.8	7.9	20.0	13.5	0.9	10.6

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 €14.0p/s;
- **Peers Analysis**, aimed at assessing Magis valuation based on its 2025-26E expected performance compared to peers and leading to €11.0p/s.

Discounted Cash Flow Model

We run a DCF model and calculate €14.0 Equity Value p/s, mid-point of two methodologies depending on Magis capital structure. Our DCF assumptions are:

- Reference date Dec 2025, with 2026-30E 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 5.4x and 5.7x EV/EBITDA;
- Unlevered Beta at 1.0, usual conservative value for a small cap;
- 5.43% 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.

DCF Model Outcomes

€mn	Rolling Capital Structure	TargetCapital Structure
PV of future cash flows (2026-2030)	22.0	22.3
PV of Terminal Value	48.8	52.7
Fair EV	70.8	75.1
NFP 2025	8.4	8.4
Fair Equity Value	79.2	83.5
Fair Equity Value p.s.	13.6	14.3

Source: Value Track Analysis

Sensitivity of DCF model @ Target Capital Structure

g =1%		0.50%	0.75%	1.0%	1.25%	1.5%
WACC (%)	8.9%	15.5	15.8	16.2	16.6	17.0
	9.4%	14.7	14.9	15.3	15.6	15.9
	9.9%	13.8	14.1	14.3	14.6	14.9
	10.4%	13.2	13.5	13.7	14.0	14.2
	10.9%	12.6	12.8	13.0	13.3	13.5

Source: Value Track Analysis

Peers Analysis

Since our last update on August 2025, the peer group has undergone a **10% multiple re-rating**, driven more by earnings downgrades (EBITDA -7% on average vs. August '25) than by price appreciation (Stock Prices +1.5% on average vs. August '25).

That said, we continue to view as “fair” the 2025-2026E peers median multiples.

By doing this, we get to 7.7x - 5.6x EV/EBITDA, 11.5x – 10.5 x EV/EBIT, 14.1x - 12.5x Adj. P/E, 10.7 - 9.5x for EV/ (EBITDA - Capex) 2025-2026E respectively. Such analysis leads to calculate Magis average **€11.0 fair Equity Value** per share.

Sensitivity of implicit stock trading multiples at various stock market prices

Company	EV/EBITDA		EV/EBIT		P/E		EV/(EBITDA-CAPEX)	
Peers	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Domestic Peers								
ICF	5.0	4.1	7.7	6.1	16.4	12.2	6.0	4.9
Grifal	10.1	5.2	<0	14.4	<0	12.0	nm	7.3
Zignago Vetro	7.4	5.9	17.9	11.5	24.2	14.5	15.5	10.2
Neodecortech	4.4	4.0	9.1	8.0	9.1	7.9	9.0	7.2
Average	6.7	4.8	11.6	10.0	16.6	11.6	10.1	7.4
Median	6.2	4.7	9.1	9.8	16.4	12.1	9.0	7.2
International Peers								
H.B Fuller Company	8.3	7.9	12.3	11.0	14.1	12.8	10.7	10.4
Arkema Group	5.7	5.3	11.5	10.0	13.1	10.5	11.3	9.8
Henkel AG&CO	8.0	7.5	9.8	9.1	13.8	13.4	9.8	9.1
Nitto Denko Corp.	10.0	9.0	14.1	12.4	21.8	19.6	19.6	13.6
Average	8.0	7.4	11.9	10.6	15.7	14.1	12.8	10.8
Median	8.2	7.7	11.9	10.5	14.0	13.1	11.0	10.1
Total Average	7.4	6.1	11.8	10.3	16.1	12.8	11.7	9.1
Total Median	7.7	5.6	11.5	10.5	14.1	12.5	10.7	9.5

Source: Value Track Analysis

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