

**EQUITY - SPAIN**

Sector: Containers &amp; Packaging

Closing price: EUR 1.58 (21 Dec 2023)

Report date: 22 Dec 2023 (9:30h)

**Initiation of Coverage**

Independent Equity Research

Iflex, is a family-run company that was set up in 1998. It provides personalised flexible packaging printing solutions (gravure printing) on a range of products from film on the reel for making bags, stick packs and lids...In 2022, 77% of sales were generated in Spain. It has three core lines of business: (i) food (60% of 2022 revenue); (ii) pharma/cosmetics (20%); and (iii) other (20%).

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## The value of simplicity

**A SPECTACULAR “LEAP” IN SCALE IN 2022 (ALL ORGANIC) ...** IFLEX reported sustained growth between 2017 and 2021, generating an EBITDA margin of around 7% and ending that period with revenue of EUR 9.2Mn (CAGR 2017-2021: 7.2%). Then, in 2022, it delivered a massive “leap” (organic) in revenue to EUR 13.7Mn (+48% vs 2021) and in recurring EBITDA to EUR 1.7Mn (margin: 12.5%; +5.5pp vs 2021). That growth came in the company’s two core markets: Spain (77% of 2022 revenue) and France (16%). Our baseline scenario contemplates revenue growth to EUR 15.5Mn in 2025e (CAGR 2023e-2025e: +6.1%).

**...THANKS TO ITS ABILITY TO GROW ORGANICALLY.** The jump in revenue in 2022 was driven by both new customer wins and volume growth at existing customers (with some increasing their volumes by >50%). That alone endorses IFLEX’s vertical integration and product diversification strategies. And gives credibility to the idea that it will continue to generate organic growth in line with its past performance (CAGR 2017-2021: 7.2%) and the sector.

**EQUITY STORY: CONSOLIDATED OF THE “LEAP” TAKEN IN 2022.** We think revenue will consolidate the levels seen in 2022-2023 and then climb to EUR 15.5Mn by 2025e. Coupled with growth in recurring EBITDA to EUR 2.1Mn in 2025e (margin: 13.3% vs 12.5% in 2022). Paving the way for growth in cash generation (FCF yield 2023e: 6.9%). And distribution of a dividend: we are estimating a payout of 50% in 2023e-2025e (div. yield 2024e: 5.9%).

**THE KEY: LOW RISK.** IFLEX’s performance in 2023 (consolidating the step-up in scale achieved in 2022) goes a long way to mitigating the only concern: the trend in revenue. The business model is objectively low risk: exposure to defensive sectors; vertical integration; no exposure to emerging markets; product catalogue aligned with emerging customer needs; and low regulatory risk (regulatory developments are actually an opportunity for IFLEX).

**IN SHORT, A LOW-RISK GROWTH STORY TRADING AT A P/E OF 9X.** IFLEX is currently benefitting from pro-recycling legislation and circular economy tailwinds. A combination of growth and low risk trading at an estimated P/E 23e of 8.8x (7.1x on 2025 estimates) vs an average across its comps of 17.3x. On a strictly intrinsic valuation, IFLEX presents theoretical upside of c.25%. The value of simplicity. Such low risk deserves higher multiples.

**Market Data**

Market Cap (Mn EUR and USD)	9.5	10.5
EV (Mn EUR and USD) <sup>(1)</sup>	14.5	16.0
Shares Outstanding (Mn)	6.0	
-12m (Max/Med/Mín EUR)	2.30 / 1.82 / 1.58	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation <sup>(2)</sup>	3.4	
Factset / Bloomberg	IFLEX-ES / IFLEX SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)**

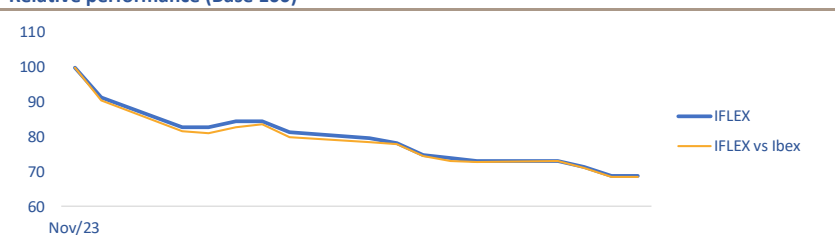
Puig Family	76.0
Miquel Angel Bonachera Sierra	1.4
Sergi Audivert Brugué	1.4
Treasury stock	1.2
Free Float	20.0

**Financials (Mn EUR)**

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	5.2	5.3	6.0	6.0
Total Revenues	13.7	13.8	14.7	15.5
Rec. EBITDA	1.7	1.6	1.8	2.1
% growth	165.8	-6.3	13.2	14.2
% Rec. EBITDA/Rev.	12.5	11.6	12.3	13.3
% Inc. EBITDA sector <sup>(3)</sup>	20.2	11.8	6.9	9.6
Net Profit	0.9	0.8	1.1	1.4
EPS (EUR)	0.17	0.15	0.19	0.22
% growth	n.a.	-12.6	25.9	19.0
Ord. EPS (EUR)	0.18	0.18	0.19	0.22
% growth	n.a.	-1.5	4.9	19.0
Rec. Free Cash Flow <sup>(4)</sup>	1.8	0.7	0.9	1.1
Pay-out (%)	133.3	50.0	50.0	50.0
DPS (EUR)	0.23	0.07	0.09	0.11
Net financial debt	4.6	2.6	2.1	1.4
ND/Rec. EBITDA (x)	2.7	1.6	1.1	0.7
ROE (%)	46.3	26.9	25.4	25.7
ROCE (%) <sup>(4)</sup>	14.8	13.0	17.2	19.6

**Ratios & Multiples (x)<sup>(5)</sup>**

	2022	2023e	2024e	2025e
P/E	9.3	10.6	8.4	7.1
Ord. P/E	8.7	8.8	8.4	7.1
P/BV	5.4	2.3	2.0	1.7
Dividend Yield (%)	14.4	4.7	5.9	7.1
EV/Sales	1.06	1.05	0.99	0.93
EV/Rec. EBITDA	8.5	9.1	8.0	7.0
EV/EBIT	11.8	13.8	10.1	8.6
FCF Yield (%) <sup>(4)</sup>	18.8	6.9	9.9	11.6

**Relative performance (Base 100)**


Stock performance (%)	-Nov 30 <sup>(6)</sup>	-3m	-12m	YTD	-3Y	-5Y
Absolute	-31.3	n.a.	n.a.	n.a.	n.a.	n.a.
vs Ibxex 35	-31.6	n.a.	n.a.	n.a.	n.a.	n.a.
vs Ibxex Small Cap Index	-31.6	n.a.	n.a.	n.a.	n.a.	n.a.
vs Eurostoxx 50	-33.5	n.a.	n.a.	n.a.	n.a.	n.a.
vs Sector benchmark <sup>(3)</sup>	-35.7	n.a.	n.a.	n.a.	n.a.	n.a.

(1) Please refer to Appendix 3.

(2) Rotation is the % of the capitalisation traded - 12m.

(3) Sector: Stoxx Europe 600 Industrial Goods &amp; Services.

(4) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(5) Multiples and ratios calculated over prices at the date of this report.

(6) Listed on BME Growth since November 30.

(\*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

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## IFLEX (IFLEX) is a BME Growth company.

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BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalisation which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c.140 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

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## Glossary

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Doypack	Type of packaging for solid products, powders, gels or liquids
Sleeves	Types of wrapping used to protect, label and give a specific aesthetic to certain containers.

## Investment Summary

### Well positioned for additional growth. Consolidation of the “leap” in scale achieved in 2022 (without M&A) and low risk are the cornerstones of the equity story

Iflex Flexible Packaging (IFLEX) is a family-run company that was set up in 1998 (mkt. cap: c. EUR 9.5Mn). It provides personalised flexible packaging printing solutions (gravure printing) on a range of products from film on the reel for making bags, stick packs and lids to formats such as doypacks, sleeves and wraparound labels. In 2022, 77% of sales were generated in Spain. The company listed on BME Growth in November 2023.

IFLEX is a vertically-integrated (niche) provider of gravure printing services

In a nutshell, IFLEX is a vertically-integrated (niche) provider of gravure printing services (present in every stage of the productive process). Very high exposure to defensive/anti-cyclical sectors (food and pharma). It has three core lines of business: (i) food (60% of 2022 revenue); (ii) pharma/cosmetics (20%); and (iii) other (20%), including household, cleaning and pet care products and insecticides...

IFLEX has a wide range of products (aligned, moreover, with the European circular economy legislative thrust), notably including: (i) paper solutions; (ii) compostable biofilm solutions; and (iii) other products such as film for wraparound labels, tablet blisters, etc.

What is the outlook for IFLEX in the near future (2023e-2025e) in terms of earnings and cash generation? What can we expect from a business like IFLEX in the longer term? What are the pillars of its equity story?

#### A) 2017-2021: sustained revenue growth (CAGR 2017-2021: 7.2%) and a historical EBITDA margin of c.7%

Analysis of the trend in IFLEX's key metrics in 2017-2021 paints a picture of:

With a long track record of steady growth (CAGR 2017-2021: 7.2%) and a historical margin of c.7%...

- **Sustained revenue growth.** The company recorded CAGR in revenue of 7.2% between 2017 and 2021, highlighting IFLEX's anti-cyclical/defensive profile: other than in 2022, the company's highest revenue growth notably came in 2020 (+13.1% vs 2019). The revenue mix in 2021 was as follows: (i) food | 63% of revenue; (ii) pharma/cosmetics | 21%; and (iii) other | 16%.
- **With a historical EBITDA margin of c.7%**, thanks to an appropriately-sized structure that has allowed it to keep its EBITDA margin at an average of close to 7%, despite gross margin contraction, mainly in 2021 (-2.6pp), as a result of inflation and other macroeconomic factors.
- **Vertical integration**, a strategy that gives IFLEX control over every stage of the productive process, from design to material cutting. That in turn allows it to guarantee higher standards of quality and offer personalised solutions at competitive prices.
- **Net debt is very high.** Net debt averaged EUR 4.7Mn, or 8.0x recurring EBITDA, between 2017 and 2021. IFLEX was part of the Puig family business group until 2021.

... and full exposure to defensive sectors and a very broad suite of solutions

Our analysis of the company's performance between 2017 and 2021 therefore yields the following conclusions: (i) the strategy of offering printing solutions for a wide spectrum of products (including paper, recyclable and compostable packaging solutions) that are aligned with the prevailing legislative thrust and emerging consumer preferences has delivered mid-single-digit growth (revenue of EUR 9.2Mn in 2021) and positive EBITDA; (ii) exposure to defensive sectors (>80% of revenue) has forged a business model characterised by low commercial risk; and (iii) the degree of financial leverage needed to execute the business plan has been very onerous, until now.

#### B) 2022: huge “leap” in the revenue base (+48% vs 2021) and recurring EBITDA margin (+5.5pp). All organic.

In our opinion, the most compelling thing about IFLEX is the spectacular jump in its revenue and profitability in 2022. A jump in scale that turned its metrics on their head:

In 2022, revenue jumped sharply (+48%) ...

- **Sharp revenue growth (+48% vs 2021) ...** In 2022, IFLEX's revenue jumped to EUR 13.7Mn (+48% vs 2021), driven by both new customer wins and volume growth at existing customers. Some customers increased their order volumes by >50% vs 2021 (even doubling them in some instances).
- **... across all three business lines and all key markets.** The growth was concentrated in: Spain (77% of 2022 revenue) and France (16%). And took in all three business lines: (i) food, where revenue reached EUR 8.2Mn (+42% vs 2021); (ii) pharma/cosmetics, where revenue climbed to EUR 2.7Mn (+41%); and (iii) other, where revenue came in at EUR 2.8Mn (+85%).
- **Unlocking very significant margin expansion.** In 2022, recurring EBITDA leaped to EUR 1.7Mn (margin: 12.5% vs 7.0% in 2021), thanks to a reduction in the weight of overhead against the backdrop of sharp revenue growth. Given the nature of IFLEX's industry (low barriers to entry), we think disciplined cost management is key.

... accompanied by expansion of 5.5pp in the recurring EBITDA margin

An analysis of 2022 provides key insight into IFLEX's business model:

- An established customer base that can contribute recurring revenue; i.e. a revenue "floor". With clearcut growth potential by simply increasing penetration of the "legacy" customer portfolio. That explains some of the growth observed in 2022.
- Growth by exploiting known markets (Spain and France) rather than penetrating completely new markets (thereby avoiding the risk arising from any geographical expansion).
- Endorsement of the vertical integration strategy in a sector in which control over quality is crucial to delivering growth across the existing customer base, as borne out by the company's earnings performance in 2022.
- Scant P&L risk: EBITDA is comfortably above breakeven, thanks not only to an appropriately-sized and sensible cost structure but also the ability to absorb sharp sales growth and generate significant EBITDA margin expansion (+5.5pp in 2022 vs 2021).
- Significant improvement in the ROCE to 14.8% in 2022 (vs 3.1% on average in 2018-2021), above IFLEX's cost of capital for the first time. Depicting a company entering a phase of systematic value creation.

2022 therefore endorsed the company's vertical integration strategy

That is essential as it portrays a whole different company

For all these reasons, we view the 2022 earnings as essential as they portray a whole different company. A company capable of achieving much higher than expected revenue growth. And with operational leverage, implying upside in margins, which also bodes well for EBITDA and free cash flow.

**C) 2023e-2025e: consolidation of the "leap" in scale achieved in 2022 (CAGR 2022-2025e: 4.4%)**

¿ What can we expect from IFLEX in the coming years in terms of growth, profitability and recurring FCF generation?

Organic topline growth to EUR 15.5Mn in 2025e (CAGR 2022-2025e: 4.4%) ...

- **Consolidation of the "leap" taken in 2022 (CAGR 2022-2025e: 4.4%)** Our baseline scenario calls for organic growth in revenue to EUR 15.5Mn by the end of the projection horizon, up from an estimated EUR 13.8Mn in 2023e (CAGR 2022-2025e: +4.4%). We are forecasting faster growth in the food (CAGR 2022-2025e: +4.5%) and other (CAGR 2022-2025e: +4.5%) business lines than in pharma/cosmetics (CAGR 2022-2025e: +3.3%), reflecting the different customer profile of the latter (smaller orders at lower margins); as a result, we think the company will focus its growth strategy on first two businesses. We estimate that IFLEX is currently operating at 68% of its productive capacity.

The trend in revenue is the crux of IFLEX's equity story. On the one hand, revenue growth can unlock additional margin expansion. But also stable and growing positive FCF, in turn funding the company's planned dividend policy (payout in a range of 20%-60%). At IFLEX, the dividend should be seen as strategic. It is neither tangential nor secondary; it is core to the story.

...with the recurring EBITDA margin widening to 13.3% in 2025e

- **Coupled with creditable growth in recurring EBITDA...** In 2023e, we are estimating a recurring EBITDA margin of 11.6% (vs 12.5% in 2022), a drop attributable to investment in productive and sales capabilities. Thereafter we are forecasting a gradual improvement to 13.3% in 2025e, thanks to the scope for unlocking economies of scale.

Which will lift recurring FCF generation to EUR 1.1Mn by the end of the projection period

While enabling the start of a dividend policy

- **...which will drive recurring FCF generation.** Our numbers contemplate positive recurring FCF generation in 2023e of EUR 0.7Mn (41% of recurring EBITDA, recurring FCF yield of 6.9%). Thanks to EBITDA momentum, FCF should increase to EUR 1.1Mn in 2025e (recurring FCF yield 2025e: 11.6%).
- **The intention is to pay dividends.** We are projecting a payout ratio of 50% in 2023e-2025e, which implies a dividend yield of 4.7% in 2023e and 7.1% on 2025e.
- **...driving a reduction in net debt to EUR 1.4Mn in 2025e (vs EUR 4.6Mn in 2022).** As of June 2023, net debt stood at EUR 5.0Mn (ND/rec. 2023e EBITDA: 3.2x). The leverage metrics are expected to improve over time thanks to: (i) higher cash generation; and (ii) use of some of the November 2023 IPO proceeds (EUR 1.8Mn) to repay short-term debt.

In short, our estimates (2023e-2025e) and investment thesis pivot around:

- Revenue growth (CAGR c.4.5%), building from the sharp growth of 2022, thanks to a diversified product/service portfolio and international growth strategy articulated around familiar markets. All of which implies a low-risk business model.
- Scope for boosting the recurring EBITDA margin to 13.3% (vs 12.5% in 2022) by 2025e (CAGR 2022-2025e: 6.6%) thanks to gross margin expansion and reduction in the weight of structural costs.
- We are not forecasting any CAPEX in machinery as the company is currently operating at 68% of capacity.
- Continued positive differential between the company's ROCE and WACC: a ROCE of 19.6% in 2025e vs a WACC of 8.3%.
- A dividend policy articulated around a moving payout of 20%-60%, as a function of the real business needs (i.e., dependent on CAPEX). This policy design reduces business risk and the risk of taking on too much debt to keep the payout constant at 60% even in years of hefty CAPEX.

In short, scope for EBITDA margin expansion, sharp growth in value creation and an incipient dividend policy

#### D) ¿ What can we expect from IFLEX in the longer term? Why watch this company?

Tailwinds in a sector in the midst of transformation, spurred by two megatrends - e-commerce and sustainability -, should pave the way for ongoing revenue growth at IFLEX in the longer term, via both organic and M&A opportunities. Our idea/view of the company in the long-term is predicated on the following:

A company well positioned for continued growth...

- **A company credibly positioned for continued growth.** Thanks to its positioning in markets in the throes of transformation and a wide range of printing solutions that "elude" commoditization. We think the company will outgrow the sector (CAGR sales 2021-2025e: 14.1% at IFLEX vs 6.1% for the sector in Europe). We also believe it should be able to extend that growth beyond 2025e, leveraging the driver implied by pro-recycling regulations for companies (like IFLEX) that have already adapted their business models for the emerging trends, or are in the process of doing so, so benefitting from this "revolution". This positioning implies a substantial reduction in commercial and regulatory risk.
- **Control over the entire value chain:** from design to delivery of the printed film at customers' facilities, reducing costs and lead times. This implies scope for margin expansion in the long term.

... which controls the entire value chain

The qualitative leap in profitability in 2022 leaves IFLEX with a recurring EBITDA margin (12.5%) that is in line with or above profitability at three of its closest listed comps: Amcor (13.8%), Huhtamaki (12.7%) and Aluflexpack (9.3%). But very far from Mondi (20%). Suggesting room for further margin expansion.

at which the interests of the Puig family and minority shareholders are fully aligned

- **Controlling shareholders with a long-term vision.** The family that holds c.76% of the company's shares is committed for the long term, ensuring alignment between their interests and those of IFLEX's minority shareholders.
- **FCF Yield of 6.9% in 2023e, with significant upside.** The growth in recurring EBITDA is expected push cash generation to EUR 1.1Mn in 2025e (FCF yield: 11.6%). Further reinforcing the thesis that IFLEX is a low-risk play.

The combination of growth, margin expansion, deleveraging and low multiples provides food for thought about the value of the business. Especially considering that the hard work has already been done: the leap in scale in revenue and profitability achieved in 2022. And the comfort in knowing that the 9M23 results confirm/consolidate the step change in scale. In other words, we are not talking about a major growth play.

That growth has already taken place (2022) and is being confirmed (2023). This minimises the risk of investing in a company like IFLEX. Which makes it “logical” to consider, if only from a theoretical perspective, what IFLEX is intrinsically worth.

Given the above drivers, IFLEX’s low-risk profile and the simplicity and transparency of its P&L (no complex accounting), we can assume from a theoretical standpoint:

$$PER = 1 / (ke-g)$$

(\* ) Assuming that the long-term payout is 100%

This approach avoids a comparison with the P/Es of the company’s main comps (subject to potentially aggressive accounting policies)

**Chart 1. ke per scenario**

			Favorable Inputs	Unfavorable Inputs
Risk free rate (rf)	2.9%	Rf (10y Spanish bond yield)	=	=
Equity risk premium	6.0%	R (own estimate)	5.5%	6.5%
Beta (B)	1.2	B (own estimate)	1.1	1.3
Cost of equity	10.1%	Ke = Rf + (R*B)	9.0%	11.4%
G "Fair"	2.0%		2.0%	1.5%

**Table 1. Implied PER**

		ke		
		9.0%	10.1%	11.4%
g	1.5%	13.4x	11.6x	10.1x
	2.0%	14.4x	12.3x	10.7x

**Table 2. Valuation (Equity) 2023e (EUR Mn) and potential vs. current share price**

		ke					ke		
		9.0%	10.1%	11.4%			9.0%	10.1%	11.4%
g	1.5%	13.2	11.4	10.0	g	1.5%	38%	20%	5%
	2.0%	14.1	12.1	10.5		2.0%	48%	27%	10%

It is clear that the combination of growth and low risk offered by IFLEX constitutes a catalyst at theoretically attractive valuation levels. Based exclusively on the 2023e P&L, where delivery risk is minimal. In our baseline scenario, a P/E-derived valuation of this kind (intrinsic and not implied from sector comps) implies upside of >20% (theoretical equity value of EUR c.12Mn vs a mkt cap of EUR 9.5Mn). Based on a target P/E multiple of 12,3x (vs the current ordinary P/E of c. 8.8x).

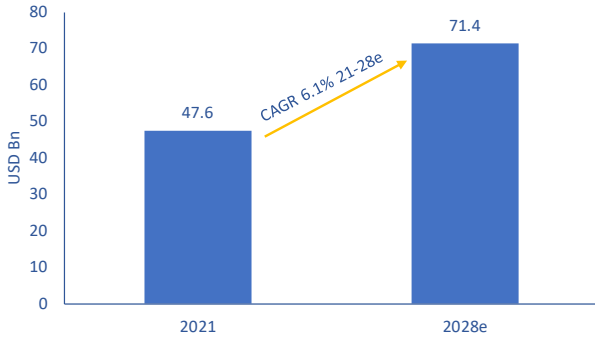
In sum, in our opinion, IFLEX should currently be seen “on paper” as a “beneficiary” of the tailwinds implied by the prevailing pro-recycling and circular economy thrusts, further bolstered by full exposure to anti-cyclical sectors, further increasing visibility into IFLEX’s growth. IFLEX’s business model is objectively low risk: exposure to defensive sectors; vertical integration; no exposure to emerging markets; product catalogue aligned with emerging customer needs; and low regulatory risk (indeed, regulations are more an opportunity than a risk factor in IFLEX’s case).

IFLEX’s fundamental/theoretical valuation, calculated using inputs that reflect its low risk profile and the “leap” in size and profitability attained in 2022 (and defended in 2023), is eye-catching...

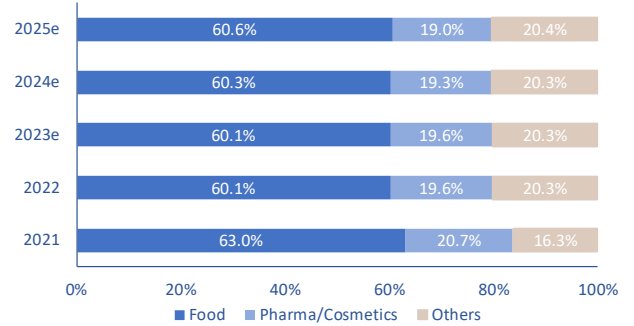
In a nutshell, IFLEX should be seen as a beneficiary of pro-recycling regulatory tailwinds.

**The company in 8 charts**

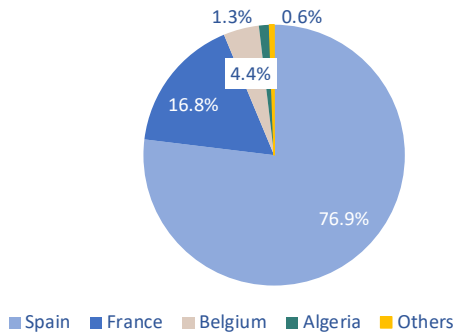
**The European flexible packaging sector is expected to grow at CAGR of 6.1% in 21-28e**



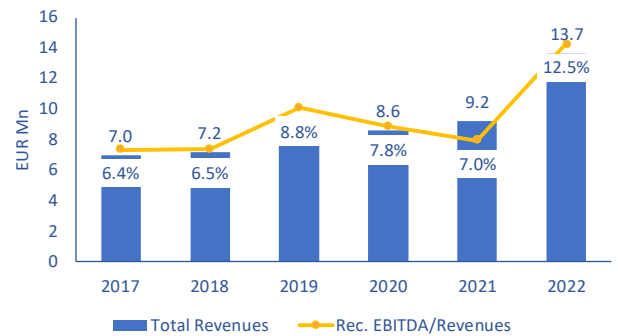
**IFLEX: a vertically integrated business with exposure to defensive/anti-cyclical sectors ...**



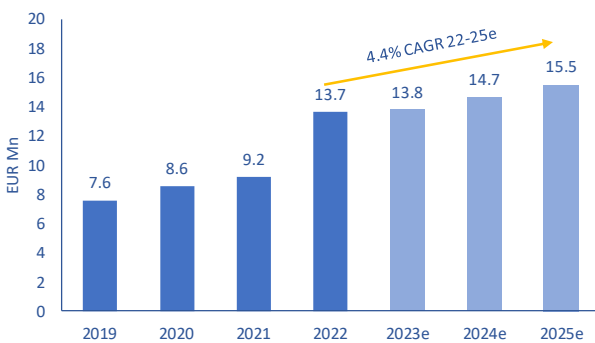
**... and an international presence (which it plans to expand). In 2022, sales in Spain accounted for 77%**



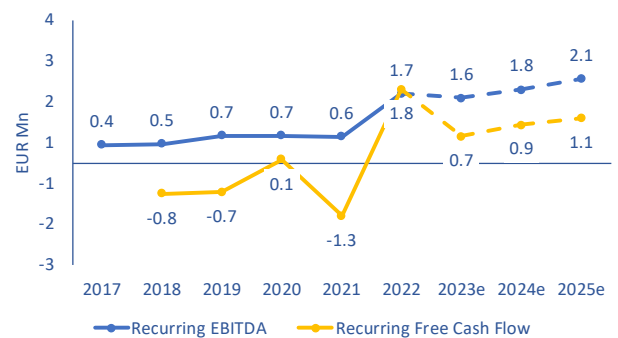
**Sustained growth between 2017 - 21. Then, in 2022, it achieved an organic leap in scale in terms of revenue (+48%) and profitability ...**



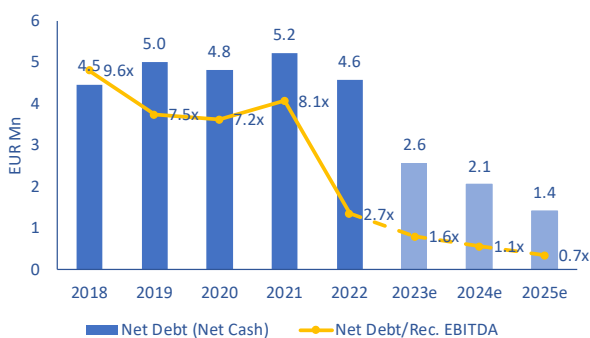
**... changing the company's profile. And that is IFLEX's equity story: consolidation of the leap taken in 2022**



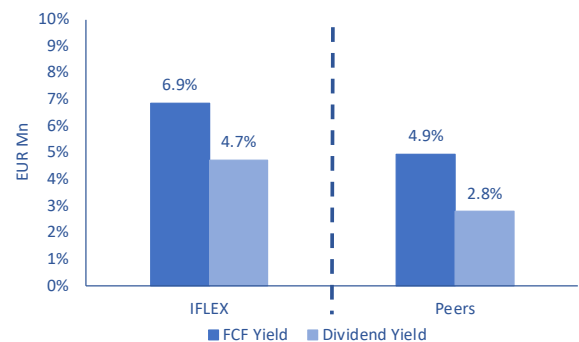
**Driving EBITDA margin expansion to 13.3% in 2025e with the corresponding impact on recurring FCF generation**



**Allowing IFLEX to embark on a dividend distribution policy and to deleverage**



**Trading at attractive multiples: 2023e FCF yields of 6.9% vs 4.9% at its main comps**



**Business description**

**A niche business focused on flexible packaging printing. Circular economy and legislative thrusts as tailwinds**

Iflex Flexible Packaging (IFLEX) is a family-run company that was set up in 1998 (mkt. cap: c. EUR 9.5Mn). It provides personalised flexible packaging printing solutions (gravure printing) on a range of products from film on the reel for making bags, stick packs and lids to formats such as doypacks, sleeves and wraparound labels. It is based in Ullà (Girona, Spain). It listed on BME Growth in November 2023.

IFLEX operates in the container and packaging printing sector. It does not, therefore, make any packaging, containers or blisters. Rather, it adds values by printing on those products. Within the standard industry classifications (GICS, ICB), the container and packaging sector falls under materials.

IFLEX currently has operations in Spain, France, Belgium, Algeria, Morocco, Andorra and Netherlands. However, 77% and 16% of its revenue was generated in Spain and France, respectively, in 2022. IFLEX mainly prints on pharma products made from aluminium and on flexible packaging for the food, cosmetics and pharma sectors.

It has three core lines of business: (i) food packaging for all types of products, including cold meats, cheese, nuts, crisps, yeast, and beverage labels; this business accounted for 60% of revenue in 2022 (vs 63% in 2021); (ii) pharma/cosmetics, which includes the production of blisters for the pharmaceutical industry, aluminium strips for tablets and bags for cosmetic wipes; this line contributed 20% of revenue in 2022 (vs 21% in 2021); and (iii) other, which includes printed packaging for cleaning and household products, insecticides, pet care and industrial products; this third business line also accounted for 20% of revenue in 2022 (vs 16% in 2021). The company's growth strategy is to expand its presence in existing markets, mainly France, rather than entering totally new markets (so avoiding the risk implicit in any geographic expansion).

IFLEX is vertically integrated, present in every stage of the productive process, from design to material cutting. That translates into higher quality standards. That, coupled with its exposure to anti-cyclical/defensive sectors (non-discretionary food and pharma products) and the fact that the company is family-owned and run (conservative management, long-term perspective and alignment of interests with minority shareholders) give IFLEX a "low-risk" profile.

Within the packaging sector, the major comparable listed players in Europe are: Amcor (specialised in flexible and rigid packaging; based in Zurich and listed on the Australian and New York stock exchanges); Huhtamaki (a Finnish packaging company specialised in the manufacture of packaging for food, beverages and personal and household care products), Aluflexpack (based in Switzerland and specialised in flexible packaging solutions); and Mondi (specialised in packaging and paper; this company has bases in both London and Vienna).

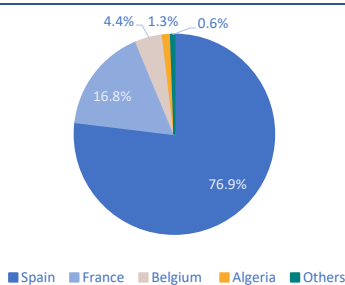
**Business model articulated around vertical integration to lock in product quality.**

IFLEX specialises in gravure printing for flexible packaging. What is gravure printing? It is a printing system that uses cylinders with holes to make very small engravings using laser technology. The quality of the resulting graphics is high and it can be used for most kinds of flexible packaging.

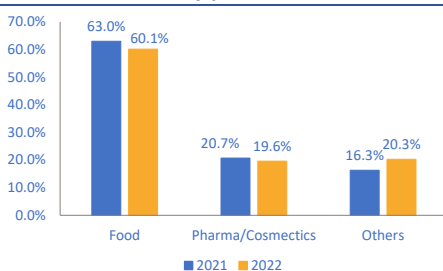
There are currently three kinds of printing technologies in the market: flexography, digital and gravure (greater productive capacity). The last two yield higher printing quality (each with similar standards). This implies low risk of technological disruptive for IFLEX with respect to printing machinery and once again highlights the company's low-risk/defensive profile.

As already noted, IFLEX's aim is to provide its customers with end-to-end service, controlling every stage of the productive process, from design to delivery of the printed film at their facilities. The production process is divided into five stages.

**Chart 1. Geographic sales distribution 2022**

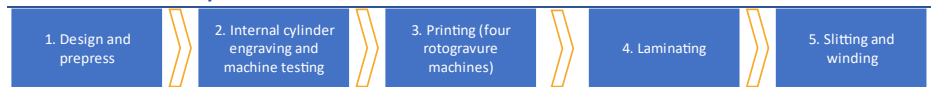


**Chart 2. Revenues by product line**

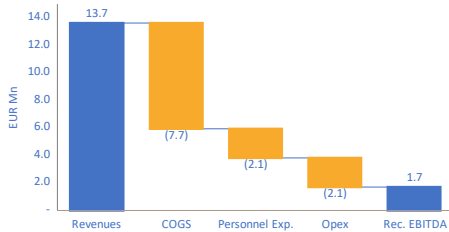




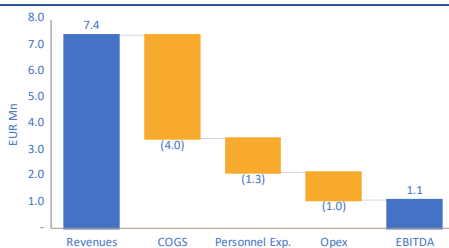
**Chart 3. Production process**



**Chart 4. Recurring EBITDA 2022**



**Chart 5. EBITDA 1H23**



- **Design and prepress** This stage consists of the assembly and adaptation of the material proposed by the customer (design, colours, etc.). By doing this in-house, IFLEX can adapt its various orders for its three electronic engraving machines (for example, if a customer wants a special colour or design, by not having to depend on third parties, the company can speed the process up).

- **Internal cylinder engraving and machine testing.** IFLEX has its own facilities for cylinder engraving, with capacity of over 50 cylinders/day. This shortens lead times for new designs and design modifications.

To test and control the engraved designs, the company has a test printing machine which allows it to see what the prints will look like and make changes if necessary, so preventing errors and having to repeat work.

- **Printing.** IFLEX has its own machines (four rotogravure machines), giving it greater flexibility around both printing and cylinder/colour changes (it can print up to eight colours on any flexible film). One of the rotogravure machines is devoted exclusively to printing on aluminium blisters.

- **Laminating.** The laminating process uses an adhesive to bond different films. The multi-layer structures are engineered with the aim of combining the best properties of each film adapted to the needs of each customer, which depends on the product to be packaged, the type of machine to be used and the required attributes (aesthetics, product life, etc.).

- **Slitting and winding.** Lastly, during the cutting process, the rolls generated by the printing or laminating process are cut to the customers' specifications for preparation for shipment.

In short, vertical integration across the various stages of the productive process gives IFLEX the ability to adapt more nimbly to customer demands/requests, manage production times, reduce costs relative to outsourcing and control quality standards. In other words, this strategy allows it to offer personalised solutions at competitive prices.

**Catalogue of monomaterial solutions to increase recyclability**

IFLEX has a wide range of products, notably including:

- Paper solutions designed to replace complex plastic laminates, in line with the European strategy/legislation for boosting circularity. In other words, for IFLEX, the regulatory aspect is a growth driver rather than a risk factor. The paper range is used for packaging tea, seeds, nuts and snacks.
- Compostable biofilms (paper or plant based), with or without metallisation, designed to replace non-biodegradable films. These films degrade biologically without producing any toxic waste. Once again, in sync with the legislative thrust.
- Monomaterial solutions that can be mono- or multi-layer. This makes them easier to recycle and therefore contributes to the transition to a circular plastic economy.
- Other products, including films for vertical and horizontal flowpacks, pharma product blisters, lids, wraparound stickers, etc.

The company also offers an overprinting, recycling and recovery service. This gives customers the chance to overprint their existing reels, adding, changing or deleting text, so making use of reels that may have become obsolete either because the information is no longer accurate or there have been changes in applicable legislation, nutritional values, etc.

In short, IFLEX provides printing solutions for a wide range of packaging products including paper, recyclable and compostable products, in line with unfolding legislation and emerging consumer preferences (refer to the industry on page 12). This once again reduces the risk of: (i) disruption via the emergence of new materials on which it could not print or on which quality would be impaired; (ii) regulatory risk, as the company is already offering circular economy/recycling solutions.

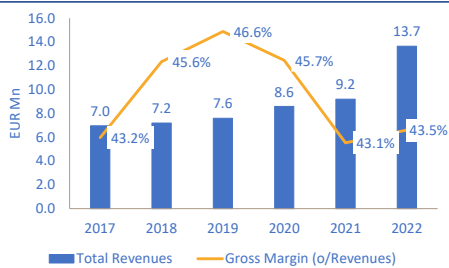
**What do IFLEX's numbers tell us about its recent performance: 2022 was marked by a very significant leap in revenue and profitability. All of which organic.**

Looking at the trend in its key metrics (revenue, gross margin, recurring EBITDA, net debt), IFLEX's performance in 2018-2022 was marked by:

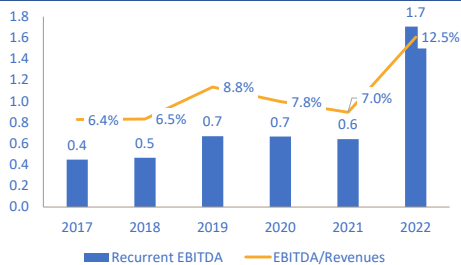
**Table 1. Key Metrics**

EUR Mn	2017	2018	2019	2020	2021	2022
Total Revenues	7.0	7.2	7.6	8.6	9.2	13.7
Total Revenues growth	-	3.4%	5.4%	13.1%	7.2%	48.3%
Gross Margin	3.0	3.3	3.5	3.9	4.0	5.9
Gross Margin (o/Rever)	43.2%	45.6%	46.6%	45.7%	43.1%	43.5%
Overhead Cost	(2.6)	(2.8)	(2.9)	(3.3)	(3.3)	(4.2)
% o/Revenues	-36.8%	-39.2%	-37.8%	-37.9%	-36.1%	-31.0%
Recurring EBITDA	0.4	0.5	0.7	0.7	0.6	1.7
Rec. EBITDA/Revenue:	6.4%	6.5%	8.8%	7.8%	7.0%	12.5%
EBITDA	0.4	0.5	0.7	0.7	0.6	1.6
Rec. EBITDA/Revenue:	6.4%	6.5%	8.8%	7.8%	7.0%	12.0%
EBIT	0.3	0.3	0.3	0.3	0.2	1.2
Rec. EBIT/Revenues	4.6%	3.6%	4.4%	3.4%	2.2%	9.0%

**Chart 6. Revenues and gross margin**



**Chart 7. Recurring EBITDA and margin**



**Table 2. Net Debt**

EUR Mn	2017	2018	2019	2020	2021	2022	1S23
Net Debt (Net Cash)	3.9	4.5	5.0	4.8	5.2	4.6	5.0

**Table 3. Shareholder structure**

Name	Direct	Indirect	Total
Avianna Consulting	29.1%		29.1%
Josep María Puig Solà	35.7%		35.7%
Genís Puig Solà	8.4%	29.1%	37.5%
Nuria Puig Marco	1.8%		1.8%
Miquel Angel Bonachera Sierra	1.4%		1.4%
Sergi Audvert Brugué	1.4%		1.4%
Genís Puig Oliveras	0.4%	0.0%	0.4%
Pere Puig Oliveras	0.0%	0.0%	0.0%
Josep Puig Vila	0.6%		0.6%
Treasury Stock	1.2%		1.2%
Free Float	20.0%		20.0%
<b>Total</b>	<b>100.0%</b>	<b>29.1%</b>	

- **A spectacular jump (+50%) in revenue in 2022 (all via organic growth).** CAGR 2018-2021: 8.5%, highlighting IFLEX's resilient/anti-cyclical profile: other than 2022, the company's highest revenue growth notably came in 2020 (+13.1% vs 2019). The spotlight, however, should be on the magnificent organic growth recorded in 2022, driven by new customer wins, as well as volume growth at existing customers. In the first nine months of 2023, revenue stood at EUR 10.9Mn (vs EUR 10.7Mn in 9M22), so consolidating the step change in scale achieved in 2022. We are estimating revenue of EUR 13.8Mn in 2023e.
- **Slight contraction in gross margin:** IFLEX's gross margin narrowed a little in 2020 and 2021, especially in 2021 (-2.6pp), mainly due to the impact of inflation and other macroeconomic developments. In 2022, however, the gross margin widened slightly to 43.5%. Cost of sales relates to the cost of the raw materials and other materials used. For 2023e we are estimating another small improvement in the gross margin to 43.8%.
- **The recurring EBITDA margin, which has historically run at c.7%, jumped to >12% in 2022.** The company's recurring EBITDA margin climbed to 12.5% in 2022 (vs 7.0% in 2021) thanks to a reduction in the weight of overhead against the backdrop of sharp revenue growth. Between 2017 and 2022, personnel and other operating costs dropped from 36.8% of revenue to 31.0% (2022). EBITDA is, therefore, comfortably above breakeven, thanks to an appropriately sized cost structure.
- **Net debt of EUR 5.0Mn as of June 2023:** At December 2022 and June 2023, the company reported net debt of EUR 4.6Mn (ND/Rec. EBITDA: 2.7x) and EUR 5.0Mn (ND/Rec. EBITDA 2023e: 3.2x), respectively. Some of the proceeds (EUR 1.8Mn) raised from the IPO in November 2023 will be used to repay short-term debt.
- **Dividend policy:** in 2022, IFLEX paid out EUR 1.2Mn (as part of the company's capital restructuring prior to its IPO).

Going forward, its dividend policy will depend on its CAPEX programme. In years marked by significant investments, the company will cap its dividend payout at 20%. If CAPEX is not significant, however, it could increase its payout to 60%.

**The company is controlled by the founding family. Free float: c.20%.**

In the absence of institutional investors, the Puig family (which founded IFLEX) ultimately owns the company, holding c.76% of its shares directly and indirectly, as well as controlling the board of directors. The main shareholders are Josep María Puig Solà (35.7% interest), the current CEO and chairman, and Genís Puig Solà (37.5% interest, held directly and indirectly), an executive director.

The Management Committee consists almost entirely of members of the Puig family.

All this ensures the full alignment of management and boardroom interests with those of minority shareholders. Free float: c. 20%.

### In short, what is IFLEX today? Where is it headed?

In purely descriptive terms, we are looking at a small-sized niche player in packaging printing (with a strategic focus on gravure printing on flexible packaging) for the food, pharma, cosmetics and other markets. Key investment highlights:

- **Stable business growth punctuated by a decisive and organic leap in 2022.** IFLEX recorded organic growth of 14.4% during the last five years (CAGR 2017-2022), which is significantly above the growth in the global packaging industry (CAGR 2012-2021 of 2%, according to Bain Company). Growth that constitutes an endorsement of IFLEX's business model and strategy in qualitative terms.

IFLEX's historical growth has also outpaced the growth anticipated in the flexible packaging sector in Europe in the coming years (CAGR 2021-2028: 6.1%).

- **A broad product range that sidesteps commoditization:** IFLEX offers printing solutions on paper, recyclable and compostable products in a broad variety of formats, including bags, sachets, stick packs, lids, doypacks, sleeves, wrap stickers.
- **Exposure to anti-cyclical/defensive markets:** exposure to the non-discretionary food and pharma sectors gives IFLEX a resilient profile (as borne out in 2020). In 2022, 60.1% of revenue stemmed from the food business, and 19.6% from pharma/cosmetics.
- **Control over the entire value chain:** from design to delivery of the printed film at customers' facilities, reducing costs and lead times. Vertical integration also implies some scope for margin expansion over the medium and long term. The qualitative leap in profitability in 2022 leaves IFLEX with a recurring EBITDA margin (12.5%) that is in line with or above profitability at three of its closest listed comps: Amcor (13.8%), Huhtamaki (12.7%) and Aluflexpack (9.3%). But far from Mondi (20%).
- **Highly competitive and fragmented sector:** the sector is highly fragmented and competition is intense. Look for concentration in the coming years (the sector is ripe for M&A). IFLEX is in an ideal position for taking advantage of any concentration:
  - its integrated business model leaves it poised to tap M&A growth opportunities anywhere along the value chain.
  - Moreover, its capital structure is already strong (ND 2023e: EUR 2.6Mn; ND/Rec. EBITDA 2023e: 1.6x) and IFLEX is expected to continue to generate positive FCF in the coming years.

On paper, IFLEX's strategy of diversifying its product range and, specifically, developing recyclable and compostable (biodegradable) solutions that reduce pollution and contribute to the sustainability thrust as the "winning" technology in the transformation of the plastic industry is on target.

And we have identified two factors that bear that out: (i) the company's organic revenue growth (CAGR 2017-2022: 14.4%); and (ii) its proven ability to attract capital (recent IPO on BME Growth). All of which generating a long-run EBITDA margin of c.7%, until 2022, when its margin (and revenue levels) took a qualitative leap to 12.5% (EUR 1.7Mn).

Lastly, IFLEX is benefitting from tailwinds in the form of favourable legislation around legislation and the broader circular economy thrust. That alone is perhaps the most important aspect of its business model. IFLEX's business is clearly aligned with the prevailing regulatory momentum, particularly in Europe. And that explains two things:

- The qualitative leap in growth and profitability observed in 2022.
- The expectation that the company's new scale will prove durable.

## E-commerce + digitalisation + pro-recycling regulations + circular economy = tailwinds. Growth in packaging is accelerating

Over the past decade, the global packaging sector sustained stable, moderate growth (CAGR 2012-2021 of 2%, according to Bain Company), which is expected to accelerate considerably in the coming years (CAGR 2021-2026: 4%), driven by the dual sustainability and digitalisation thrusts (according to McKinsey). These growth drivers are both a challenge and an opportunity for the sector players.

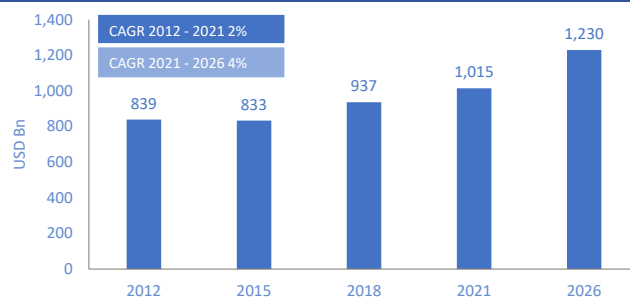
Sharp growth in online shopping, growing regulations around plastic waste (fuelling the circular economy) and increasing consumer awareness about sustainability are disrupting the sector. Disruptive change that will require the sector players to adapt their business models.

On top of these sector challenges, the players have faced macroeconomic pressures in recent years: (i) the pandemic triggered a drastic shift in consumer habits around certain products and migration to others; (ii) the war in Ukraine sent gas and electricity prices soaring; and (iii) shipping costs increased sharply in 2021 and stayed at high levels for most of 2022. Nevertheless, all of the sector's end segments (industrial, FMCG, food, etc.) have continued to expand.

### Sustainability and digital transformation, two mega trends in the packaging sector (market size of USD 1.23Tn in 2026)

Bain Company estimates that the global packaging industry will reach USD 1.23Tn in size by 2026 (vs USD 839Bn in 2012; c.+45%) and that the substrates with the highest market shares (extending the long-term pattern) will be: rigid paper (35% of the market vs 33% in 2021), which is expected to register compound annual growth of 5% between 2021 and 2026 (vs CAGR 2012 - 2021 of 2%); rigid plastic (21%, unchanged from 2021), which is expected to grow by 4% (vs 3%); and flexible plastic (17% vs 16% in 2021), also expected to register growth of 4% (vs 3%).

**Chart 8. Global packaging market**



Source: Bain Company.

According to McKinsey, the current decade (which began in 2020) is set to be the period of greatest disruptive change in recent decades. As already noted, the mega trends driving this disruption are sustainability and digital transformation. Within these, the following sub-trends are expected to change the game in the industry in the coming years:

- E-commerce:** growth in e-commerce is accelerating in certain sectors, including grocery shopping. That is driving new packaging requirements, such as demand for more resilient packaging and containers adapted for e-commerce (ready-to-send). It is also favouring flexible packaging, cardboard boxes, other protective packaging and packaging that meets the needs of fully automated storage technologies.
- Changing consumer preferences:** (i) demand for convenience in packaging (easy-open, ready-to-eat containers, etc.); (ii) consumers want more packaging variety and personalisation; (iii) an appreciation for locally made products; (iv) a focus on health and wellness; and (v) increased price awareness.

**3. Growing sustainability demands:** (i) consumers are increasingly demanding that sector players set sustainability targets and take real action to achieve them (according to a global survey by McKinsey in 2022, 75% of the players have made sustainable packaging commitments); (ii) with respect to the value chain, new business models are emerging around the recycling or reuse of materials (e.g. working towards a circular economy in plastic so as to gradually replace those derived from fossil fuels), spurred by regulations that are spreading around the world.

According to McKinsey those sustainability commitments imply annual spending of around USD 1Tn worldwide. The key thrusts are: (i) full recyclability; (ii) reduced use of plastic; and (iii) innovation in materials.

**4. Digitalisation of packaging/internet of things (IoT).** Technology integration into packaging and the use of new technologies will make it possible to generate greater customer value and new business opportunities. The way consumers interact with packaging is set to change, boosting the power of packaging as a platform for information and brand messaging by means of various enabling technologies (for example, QR codes, RFID and NFC). Smithers estimates that global intelligent packaging sales will grow at an annual average rate of 13.3% between 2020 and 2025 to USD 2.5Bn.

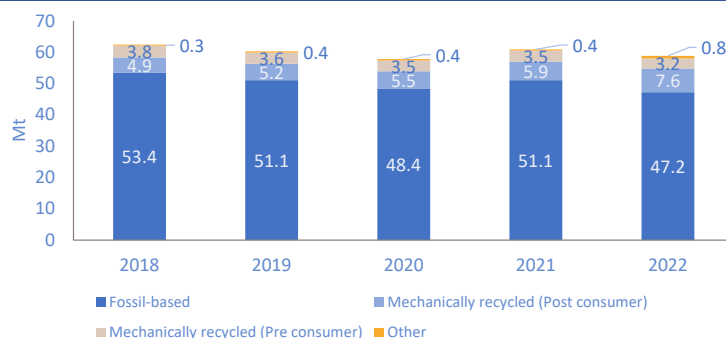
In short, the sector’s main growth drivers are: (i) growing demand for convenience; (ii) growth of e-commerce; (iii) customisation and branding opportunities; and (iv) sustainable packaging. In other words, the sector players need to ask themselves several critical questions: Which trends are going to affect/change the sector in the coming years? Which products are more exposed to regulatory risk or shifting consumer preferences? What kind of innovation/disruption are they pursuing? Where are the opportunities for growth around sustainability and value chain circularity?

**Reusable packaging: the key to a circular economy**

As already noted, one of the packaging sector’s goals is to attain circularity, embedding recycling solutions all along the value chain, in order to cut greenhouse gas emissions and the volume of packaging used.

The production of plastic made from fossil fuels amounted to 339.4 million tonnes (MT) worldwide in 2022 and represented 90.5% of total plastic production that year (vs 362.3MT, 92% of the total in 2018), according to Plastics Europe. China is the world’s biggest plastic producer. In Europe, fossil-based plastic production decreased from 53.4MT (86% of total production) in 2018 to 47.2MT (80%) in 2022.

**Chart 9. European plastics production 2022 in Mt**



Source: Plastics Europe.

Some of the main barriers to scaling up reusable packaging (and therefore facing the sector) are: (i) complex logistics; (ii) higher costs; (iii) the conflict between packaging standardisation and brand differentiation efforts; (iv) the diversity of materials found in plastic waste (due to multiple adaptations for the different sector needs), adding complexity to the recycling process); and (v) the investment in human resources needed to collect and wash recycled packaging/containers.

That being said, the adoption of reusable packaging will also be driven by accelerators such as: (i) legislation; (ii) consumer demand; (iii) harmonisation of packaging industry standards to create network effects; (iv) innovation; and (v) logistics optimisation.

Note that IFLEX has a range of plant- or cellulose-based compostable products, as well as recyclable products available in a range of structures (monolaminate and multilaminate), all of which monomaterial in order to facilitate recycling.

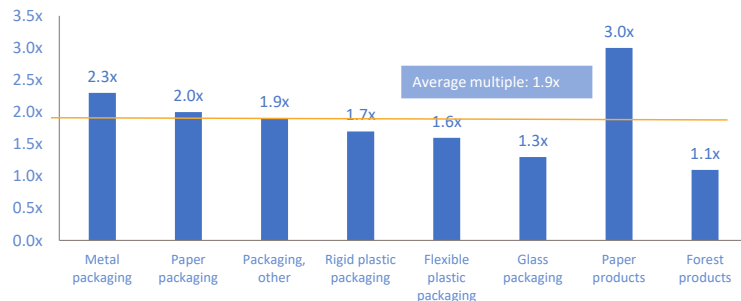
**A sector rife with M&A activity thanks to its resilient (and even counter-cyclical) profile**

There have been more than 2,000 M&A transactions in the packaging sector since 2007 according to Bain Company. Of those, 84 transactions were over USD 1Bn in size, and 11 over USD 5Bn. Activity has been particularly intense in the packaged food, home care and pharma subsectors. The flurry in M&A activity has been boosted by the sector’s resilience (counter-cyclicality, even) during the global financial crisis and later, the pandemic. IFLEX does gravure printing for flexible packaging for these same resilient end markets: food, pharma and home care.

The fact that the packaging sector remains highly fragmented implies significant scope for growth via M&A. Although the opportunity depends on the type of material in question. For example, the metal and glass packaging segments are already reasonably consolidated; the plastic sector falls somewhere in the middle, while the paper sector offers the greatest scope for consolidation.

Moreover, looking at average multiples on invested capital in M&A transactions (Bain Company), we see that the paper products subsector has been fetching the highest multiples (3.0x). According to BDO, the average EV/EBITDA multiple in M&A transactions in the sector between 2018 and 2022 was 8.3x and the average deal size was GBP 517Mn.

**Chart 10. Median packaging, paper products, and forestry deal multiples on invested capital by subindustry, 2010–2022 (in USD)**



Source: Bain Company.

**The European packaging sector: circularity is the end goal**

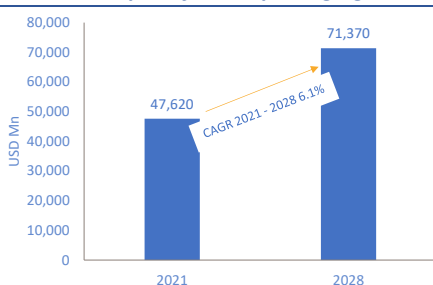
In Europe, the transition to a circular plastics economy will require, in both the short and long terms, heavy investment (involving both private and public players) in new infrastructures, business models and groundbreaking technology, which Deloitte estimates at EUR 235Bn to 2050. The transition will also call for favourable legislation and incentive schemes.

Europe’s flexible packaging market is expected to increase in size from USD 47.62Bn in 2021 to USD 71.37Bn in 2028 (CAGR 2021-2028: 6.1%), according to Report Ocean. That growth will be driven by higher demand in several markets such as the food, beverage, pharma, cosmetics and personal care sectors. IFLEX is exposed to all these sectors.

The most urgent measures include partnerships between the various value chain participants (plastic and container producers, printing companies, waste managers, etc.), investment in new technologies and increased collaboration to accelerate development of the latter.

Looking closer at the plastic sector and taking a broader perspective (plastic manufacturers, transformers, equipment makers, waste handlers, etc.), sales volumes in Europe totalled EUR 400Bn in 2022 according to Plastics Europe. The sector employs 1.5Mn people across 52,000 firms. In other words, we are talking about a very important sector for Europe. The major players in the European packaging sector include Huhtamaki, Stora Enso, SCA, Aluflexpack, Mondi.

**Chart 11. European flexible packaging market**



Source: Report Ocean.

**Table 4. Turnover of the packaging sector in Spain 2021**

EUR Mn	
Packaging machinery	3,942
Labeling, coding and marking systems	2,405
Wood	2,065
Paper and cardboard	9,044
Plastic	7,502
Metallic	2,621
Glass	1,897
Cork stoppers	264
Others	10
<b>Total</b>	<b>29,750</b>

Source: Hispack 2022.

Turning to Spain, according to the Hispack 2022 report, the packaging industry is populated by 3,180 firms, of which 1,327 have fewer than 10 employees. In 2021, it accounted for 2.65% of Spanish GDP (EUR 29.75Bn).

The main subsectors (in terms of business census and turnover) are: (i) plastic packaging and packaging material makers (737 companies | EUR 7.5Bn); (ii) paper and board companies (660 companies | EUR 9.04Bn); (iii) packaging and container equipment manufacturers (634 companies | EUR 3.94Bn); and (iv) timber companies (631 companies | EUR 2.07Bn).

#### **A regulatory framework designed to boost the circular economy**

The European Commission has formulated an action plan for fostering the new circular economy. That plan includes initiatives all along the product life cycle, from production and consumption to waste management and the secondary raw material market.

For example, European Directive (EU) 2019/904 on single-use plastics aims to reduce and prevent the impact of plastic products on the environment and to promote the transition to a circular economy. It bans the sale of several products made from expanded polystyrene and from oxo-degradable plastics. Moreover, certain single-use plastic products placed on the market must carry a visible, clearly legible and indelible marking affixed to the packaging or product itself.

The Directive sets a recycling target of 90% for plastic bottles by 2029 and introduces a minimum recycled plastic content requirement of 25% for PET bottles in 2025 and of 30% for all bottles by 2030.

Another important legislative development was the entry into effect of Directive (EU) 2018/852 in July 2018, which sets very specific targets for the member states. For example, by 31 December 2025, at least 65% of the weight of all packaging waste must be recycled.

Lastly, Spain has introduced a tax on single-use plastic packaging of EUR 0.45 per kilo of plastic packaging not recycled. The tax applies to the manufacture, import and purchase from outside the EU of single-use plastics for ultimate use in Spain.

In short, the current legislative thrust implies risk for companies that are not embracing sustainability and all that implies as a long-term growth driver, while constituting a lever for companies that are adapting their business models for the emerging regulatory requirements and market demands.

#### **In short, a “revolution” triggered by two mega trends: sustainability and e-commerce. One that is being fuelled by the regulator.**

The packaging sector is undergoing greater disruption than at any time in recent decades due to sector drivers (legislation, innovation, changing consumer habits, e-commerce, etc.), accentuated by the macroeconomic developments of recent years (political volatility, market fluctuations, supply chain friction). Regardless, what is clear (and inevitable) is that the packaging players are going to have to adapt their business models for the emerging (and growing) regulatory requirements and market demands aimed at delivering a circular economy, an effort that will require the involvement of all value chain participants.

Looking forward, the key sector trends are: (i) the growth of e-commerce; (ii) demand for convenience in packaging (easy-open); (iii) the “push” from regulators and consumers alike to move to more sustainable products and materials; and (iv) the use of packaging as a platform for interacting with the customer.

In short, the public sector, especially in Europe, is pushing decisively to encourage the penetration of recycled plastics in the industry with the aim of tackling the build-up of plastic waste in the environment and fostering a more circular economy. Ultimately, the companies that have already adapted their business models for the emerging trends, or in the process of doing so, stand to benefit from this “revolution”.

How does IFLEX fit into in all this? In our opinion, IFLEX is fully exposed to the end markets set to drive the packaging sector’s growth: food, beverages, pharma, cosmetics and personal care. It is therefore in an ideal position to leverage the sector momentum (European flexible packaging sector CAGR 2021-2028: 6.1%). That position is further reinforced by: (i) a range of recyclable and compostable products that are benefitting from regulatory tailwinds; and (ii) a vertical integration strategy that allows it to control the productive cycle, locking in higher standards of quality, greater flexibility around customer orders and the scope for lowering costs.

## Consolidation of the leap in revenue and profitability achieved in 2022. Revenue (CAGR 2022-2025e: +4.4%)

IFLEX's strategic commitment to printing solutions for a broad range of products (including paper, recyclable and compostable solutions), in line with the prevailing legislative thrust and consumer preferences, paved the way for mid to high single-digit growth in revenue, which amounted to EUR 9.2Mn in 2021 (CAGR 2017-2021: 7.2%). Growth that has proven "immune" to the economic environment (+13% topline growth in 2020), highlighting the company's anti-cyclical/defensive profile. And at a margin of c.7% (2017-2021).

### Major leap in scale in terms of revenue and profitability in 2022 (+48% in revenue and +5.5pp in recurring EBITDA margin), all of which organic.

IFLEX scaled up significantly in 2022, without resorting to M&A activity, lifting its revenue to EUR 13.7Mn (+48% vs 2021), thanks to both new customer wins and volume growth at existing customers. Some customers increased their order volumes by >50% vs 2021 (even doubling them in some instances).

That sharp growth was concentrated in the company's two core markets: Spain and France (where the company is looking to reinforce its presence). And took in its three business lines: (i) food, where revenue reached EUR 8.2Mn (+42% vs 2021); (ii) pharma/cosmetics, where revenue climbed to EUR 2.7Mn (+41%); and (iii) other markets, where revenue came in at EUR 2.8Mn (+85%).

Recurring EBITDA climbed to EUR 1.7Mn (margin: 12.5% vs 7.0% in 2021), thanks to a reduction in the weight of overhead against the backdrop of sharp revenue growth.

The company's performance in 2022 endorses its vertical integration strategy in which control over quality is crucial to delivering growth across the existing customer base.

In the first nine months of 2023, IFLEX has not only defended its 2022 sales levels but has actually managed to generate slight growth, to EUR 10.9Mn (vs EUR 10.7Mn in 9M22). In other words, the company is barely growing in 2023e but is consolidating the organic leap made in 2022.

IFLEX is therefore a story of sustained mid/high single-digit growth (2017-2021) followed by an extraordinary leap in size (organic) in 2022, which is getting consolidated in 2023. At this point, the key questions are: What is the scope for organic business growth? How much higher could margins go? What is the capacity for cash generation?

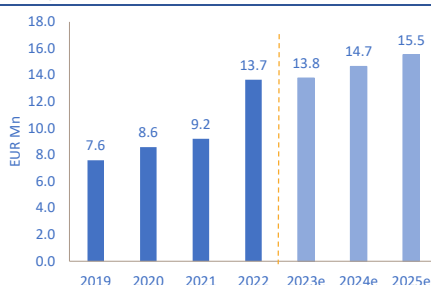
### Consolidation of the organic leap in scale (in revenue and profitability) of 2022 (revenue CAGR 2022-2025e: 4.4%) ...

Our projections call for organic growth in revenue to EUR c.15.5Mn by 2025e. What are the key growth drivers? By business line:

- Food:** we are estimating scant growth of 1% in 2023e, defending the sharp growth recorded in 2022. In 2024e and 2025e, we expect growth to accelerate to rates of 6.5% and 6.2%, respectively (in line with the historical trend and the growth expected for the flexible packaging sector in Europe: CAGR 2021-2028 of 6.1%). The main growth drivers are: (i) penetration of new customers in existing markets (mainly France), leveraging the depth of the market and IFLEX's product variety; and (ii) growth in business volumes at existing customers.

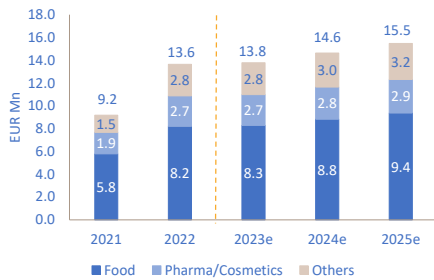
As in the other business lines, this growth will be bolstered by using the proceeds from the company's IPO of November 2023 (when it raised EUR 1.8 Mn). Our forecasts put revenue at EUR 9.4Mn in 2025e (CAGR 2022–2025e: +4.5%). We expect the weight of this business line to remain at around 60% of the mix.

**Chart 12. Total revenues (4,4% CAGR 2022 – 2025e)**



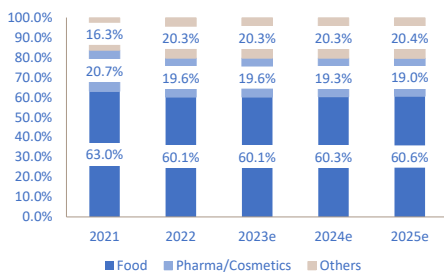


**Chart 13. Revenue by business line**



Note: Other income is not included in historical data.

**Chart 14. Revenue mix**



**2. Pharma/cosmetics:** we are also forecasting revenue growth of c.1% in this business line in 2023e, followed by slight acceleration in the following years, which would put revenue at EUR 2.9Mn in 2025e (CAGR 2022-2025e: +3.3%). The lower growth forecast in this line reflects its different customer profile (smaller orders at lower margins); as a result, we think the company will focus its growth strategy on the food business. On our estimates, the weight of the pharma/cosmetics business line will drop slightly to 19.0% in 2025e (vs 19.6% in 2022).

**3. Other (household products, insecticides, cleaning products, etc.):** as with the other business lines, we are forecasting scant growth in 2023e (+1% vs 2022). However, we think growth could rise to 6.0%-6.5% thereafter (in line with the historical trend), with revenue reaching EUR 3.2Mn by 2025e (vs EUR 2.8Mn in 2022). Its share of the mix would therefore remain flat (20.4% in 2025e)

In short, we are looking at single-digit growth in all the company's business lines, in line with the growth forecast for the flexible packaging sector in Europe (CAGR 2021-2028: 6.1%). We expect the revenue mix to remain fairly stable throughout the projection period.

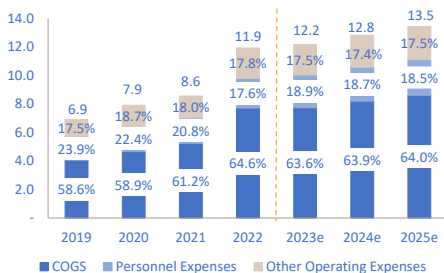
Underpinning the numbers is the company's strategy, articulated around:

- Consolidation of the major leap in size achieved via organic growth in 2022, with growth accelerating once again in 2024e and 2025e. In other words, some of the company's equity story is organic growth from the revenue base built in 2022.
- International growth with a focus on the company's existing markets (so avoiding the risk implicit in any international expansion strategy). The company will therefore focus its international growth strategy on France in the coming years.
- We estimate that IFLEX's existing machinery gives it capacity to generate c.EUR 20Mn of revenue. It is therefore running at c.32% below maximum capacity utilisation, leaving it room to grow without having to invest heavily in equipment.

**with a small improvement in the recurring EBITDA margin to 13.3% in 2025e**

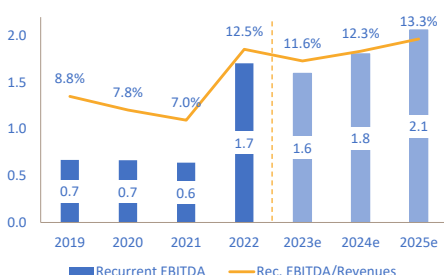
For 2023e, we are forecasting a slight improvement in the gross margin, to 43.8% (vs 43.5% in 2022), as a result of lower material and energy procurement costs, coupled with the company's ability to pass some of the growth in its costs through to its customers (with a bit of a lag). We are forecasting a gross margin of 44.5% in 2025e.

**Chart 15. Cost structure**



Elsewhere, we are projecting an increase in overhead to EUR 4.4Mn (+5.0% vs 2022), made up of EUR 2.3Mn of personnel expenses (+10% vs 2022; 17.0% of 2023e revenue) associated with indirect labour and EUR 2.1Mn of other operating expenses (15% of revenue). Some of the forecast growth in personnel costs is attributable to hiring in the production and sales areas (hence the drop in EBITDA margin in 2023e). In addition, the company's IPO generated c.EUR 0.2Mn of non-recurring charges.

**Chart 16. Recurring EBITDA**



Our estimates for 2024e and 2025e assume a small improvement in the recurring EBITDA margin to 13.3%. This, coupled with consolidation of the scale built up, is another cornerstone of IFLEX's equity story: confirming the leap in profitability that will allow it to boost cash generation and, therefore, pay out an annual dividend. The projected margin expansion is mainly attributable to:

- Scope for bringing the gross margin (44.5% in 2025e) closer to the levels recorded in 2018-2020 (average margin: 46%).
- A drop in overhead as a percentage of revenue. Between 2023e and 2025e, we think overhead will decrease from 32.2% (excluding the extraordinary IPO costs) to 31.2% of revenue.

**ROCE vs WACC: 2022 marks a turning point for value creation**

Analysing the return on capital (excluding financial assets), 2022 marks a turning point: ROCE of 14.8% vs. 2.2% in 2021. A metric we expect to increase to 19.6% in 2025e (driven exclusively by organic growth). That trend reflects the company's CAPEX-light business model (sufficient installed capacity for projected growth) and the sharp growth in revenue and margins in 2022.

Assuming a WACC of 8% (page 20), the company would have commanded a ROCE above its cost of capital for the first time 2022. We expect its ROCE to continue to outstrip its WACC by >5pp, leaving it with significant room for stepping up investment and so guaranteeing an optimal competitive position. This lends credibility to the business model and once again underpins the thesis of IFLEX as a low-risk story.

The projected drop in the ROCE in 2023e is mainly derived from the IPO completed at the end of November 2023e and the drop in margin.

**Table 5. Return on Capital Employed**

	2018	2019	2020	2021	2022	2023e	2024e	2025e
ROCE	3.3%	3.7%	3.2%	2.2%	14.8%	13.0%	17.2%	19.6%

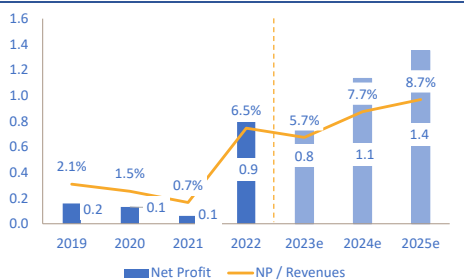
**Proven track record generating a profit (since 2017). We are forecasting EUR 1.4Mn of net profit in 2025e**

Below the EBITDA line, we would highlight:

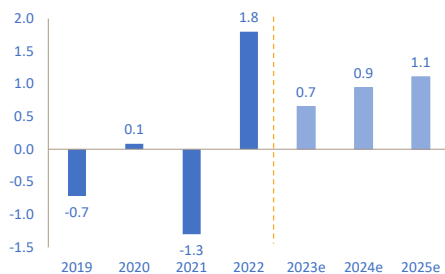
- D&A.** We are projecting depreciation and amortisation charges flat at EUR 0.3Mn during the projection period. Put another way, we think that the company will not need to incur growth CAPEX until 2025e (capacity utilisation currently stands at 68%).
- Finance costs:** We expect borrowings to trend lower and remain below 2x (ND/EBITDA) throughout (c.3x in 2022). As a result, finance costs should not have a significant impact on the company's bottom line. Some of the IPO proceeds will be used to repay short-term debt.

We are estimating net profit of EUR 0.8Mn (margin: 5.7%) in 2023e. For 2024e and 2025e, we are projecting net profit of EUR 1.1Mn (margin: 7.7%) and EUR 1.4Mn (margin: 8.7%), respectively.

**Chart 17. Net profit**



**Chart 18. Recurring FCF**



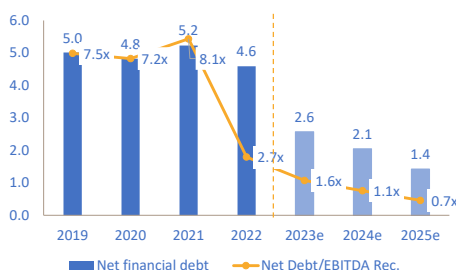
**Along with average recurring FCF of EUR 0.9Mn thanks to the growth in EBITDA...**

Working capital amounted to 19.8% of revenue in 2022. The key items: (i) trade receivables of EUR 2.6Mn (19% of revenue); (ii) inventories of EUR 2.3Mn (17% of revenue); and (iii) trade payables of EUR 1.9Mn (14% of revenue). For 2023e-2025e we are projecting the same working capital ratios: c.60 accounts receivable days; c.108 inventory days; and c.60 accounts payable days.

We are estimating average CAPEX (2023e-2025e) of just under EUR 0.5Mn (up slightly from 2022) and CAPEX/revenue of c.3%. Given that capacity utilisation is currently low (68%), we are not estimating any growth CAPEX in the next three years.

Our baseline scenario yields positive recurring FCF generation in 2023e of EUR 0.7Mn (41% of recurring EBITDA, recurring FCF yield of 6.9%), increasing, thanks to EBITDA growth momentum, to EUR 1.1Mn in 2025e (54% of recurring EBITDA; recurring FCF yield 2025e of 11.6%).

**Chart 19. Net debt**



**...driving a reduction in net debt to EUR 1.4Mn in 2025e (ND/rec. EBITDA: 0.7x).**

At year-end 2022, IFLEX had EUR 4.6Mn of net debt (ND/rec. EBITDA: 2.7x) and at June 2023, EUR 5.0Mn (mostly bank borrowings).

Leverage is expected to decline gradually thanks to estimated cash generation and use of some of the IPO proceeds to repay debt (ND 2023e: EUR 2.6Mn). If our estimates are borne out, net debt would fall to EUR 2.1Mn (ND/rec. EBITDA: 1.1x) and EUR 1.4Mn (ND/rec. EBITDA: 0.7x) at year-end 2024e and 2025e, respectively.

**Target payout in a range of 20%-60%. Dividend yield of 5.9% in 2024e**

IFLEX's dividend policy is conditional upon its investment policy. In years of significant investments, the company will cap its dividend payout at 20%. If CAPEX is not significant, however, the payout could go as high as 60%.

On 30 June 2023, IFLEX agreed to pay out 50% of its 2022 profit in dividends, payable in cash in two equal instalments of EUR 0.2Mn (payable by 30 November 2023 and 29 February 2024, respectively).

For the rest of the projection period, we are forecasting a payout ratio of 50%. That would imply a dividend yield of 5.9% and 7.1% in 2024e and 2025e, respectively. Unlike most micro caps, at IFLEX the dividend and the ability to sustain a high payout are part of the equity story and inform the company's strategy. And a dividend-oriented approach spells a low-risk business model (operationally and financially).

**In sum, consolidation of the leap in scale of 2022, followed by moderate acceleration in growth in 2024e and 2025e. Coupled with stable, positive FCF.**

By way of conclusion, the snapshot is one of a company operating in a sector in the midst of transformation (e-commerce, sustainability, changing consumer habits, legislation), which is expected to grow at an average of 6.1% in Europe (CAGR 2021-2028e). A company that presents credible arguments for its case that it can reinforce the organic growth and leap in profitability achieved in 2022, allowing it to aspire to an ambitious dividend policy. We pinpoint the following investment highlights:

- Revenue growth to EUR 15.5Mn in 2025e (CAGR 2022-2025e: 4.4%), cementing the step-up in scale of 2022 and going on to accelerate in 2024e y 2025e to annual growth rates of c.6% (in line with the company's historical growth between 2017 and 2021), thanks to: (i) a broad range of flexible packaging solutions, including compostable (biodegradable) and recyclable products that are benefitting from legislative tailwinds and the shift in consumer and investor preferences (the market is looking for investments that uphold stringent ESG criteria); (ii) a growth strategy articulated around existing markets, mainly France, with Spain remaining the core market; and (iii) exposure to countercyclical sectors like food which are endlessly deep and sell a wide variety of products.

In short, a diversified portfolio of products/services including biodegradable and recyclable solutions and a low-risk geographic diversification strategy.

- Scope for boosting the recurring EBITDA margin to 13.3% (vs 12.5% in 2022) by 2025e (CAGR 2022-2025e: 6.6%) thanks to gross margin expansion and economies of scale.
- Average recurring FCF of EUR 0.9Mn in 2023e-2025e. Here, we think the keys will be: (i) working capital management; and ii) aligning CAPEX with the company's growth without risking machinery obsolescence.
- A strong capital structure in the wake of the IPO, having raised EUR 1.8Mn of proceeds to be used to reduce short-term debt and drive growth. Net debt is expected to come down during the projection period to EUR 1.4Mn by 2025e (ND/rec. EBITDA: 0.7x).
- Payout of 20%-60%, albeit subject at all times to the business's unfolding needs (CAPEX). This strategy reduces business risk and the risk of taking on too much debt to keep the payout constant at 60% even in years of hefty CAPEX. Dividend yield projected at 5.9% and 7.1% in 2024e and 2025e, respectively.

The only unknown is the trend in revenue. And that source of uncertainty has been largely mitigated by the company's performance so far in 2023, when it has fully consolidated the extraordinary jump in scale eked out in 2022, apparently putting this risk factor "off the table". This reinforces the thesis of a low-risk company. That holds true of our estimates.

Other than revenue, the statement of profit or loss is simple. There are no hidden "surprises". Everything (margins, FCF, dividends) flows simply from the topline as the cost structure and cash outflows for working capital, CAPEX and debt servicing are all highly predictable. As of today, what best defines IFLEX is low delivery risk around its numbers.

## Valuation inputs

### Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	0.5	1.0	1.1	18.1		
Market Cap	9.5	At the date of this report				
Net financial debt	5.0	Debt net of Cash (6m Results 2023)				
					Best Case	Worst Case
Cost of Debt	6.0%	Net debt cost			5.8%	6.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.8%	Kd = Cost of Net Debt * (1-T)			4.6%	5.0%
Risk free rate (rf)	2.9%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.2	B (own estimate)			1.1	1.3
Cost of Equity	10.1%	Ke = Rf + (R * B)			9.0%	11.4%
Equity / (Equity + Net Debt)	65.4%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	34.6%	D			=	=
WACC	8.3%	WACC = Kd * D + Ke * E			7.4%	9.2%
G "Fair"	2.0%				2.0%	1.5%

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

### Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 23e	EPS 23e-25e	EV/EBITDA 23e	EBITDA 23e-25e	EV/Sales 23e	Revenues 23e-25e	EBITDA/Sales 23e	FCF Yield 23e	FCF 23e-25e
Amcors	AMCR-US	12,770.0	14.8	-1.6%	10.8	3.1%	1.4	0.0%	13.3%	5.2%	8.8%
Huhtamaki	HUH1V-FI	3,990.4	17.2	11.6%	9.0	6.4%	1.3	4.0%	14.0%	5.5%	-3.5%
Aluflexpack	AFP-CH	160.6	20.3	70.1%	5.2	17.1%	0.7	9.5%	12.7%	n.a.	n.a.
Mondi	MNDI-GB	8,582.1	17.0	14.4%	8.7	9.1%	1.4	3.5%	16.0%	4.1%	6.4%
Packaging			17.3	23.6%	8.4	8.9%	1.2	4.3%	14.0%	4.9%	3.9%
IFLEX	IFLEX-ES	9.5	10.6	22.4%	9.1	21.2%	1.1	6.1%	10.2%	6.9%	55.1%

### Free Cash Flow sensitivity analysis (2024e)

#### A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 24e	EBITDA 24e	EV/EBITDA 24e
Max	13.5%	2.0	7.3x
Central	12.3%	1.8	8.0x
Min	11.1%	1.6	8.9x

#### B) Rec. FCF and Rec. FCF - Yield sensitivity to changes in EBITDA and CAPEX/sales

Rec. FCF EUR Mn	CAPEX/Sales 24e			Scenario	Rec. FCF/Yield 24e		
EBITDA 24e	2.7%	3.0%	3.3%		Max	12.2%	11.7%
2.0	1.2	1.1	1.1	Central	10.3%	9.9%	9.4%
1.8	1.0	0.9	0.9	Min	8.5%	8.0%	7.6%
1.6	0.8	0.8	0.7				

## What can go wrong?

We consider risks to be those that could have a significant negative impact on our projections, mainly those for operating profit and free cash flow.

- 1. Competition and commercial risk.** IFLEX's industry is highly fragmented, posing the risk of loss of clients and/or the emergence of newcomers with more attractive technology or deeper pockets, potentially hurting revenue.
- 2. Fluctuations in raw material costs.** IFLEX passes on increases in the costs of its main raw materials to its clients. Changes in prices are not made immediately, with margins squeezed during periods of continuous increases in the prices of the company's raw materials (e.g. 2020-2021).
- 3. Reliance on the Spanish market.** The company generated c.77% of its revenue in 2022 in Spain. An economic slowdown or sector slump in Spain could have a significant adverse impact on the business.
- 4. Technological disruption.** IFLEX's business depends directly on a gravure printing machine and the use of new materials, which means they must be updated so as not to become obsolete. Technological changes anticipated by clients can affect demand over the medium and long term. And the ability of IFLEX to respond to these is in itself a risk.
- 5. Working capital management.** Trade receivables in 2022 amounted to EUR 2.6Mn, or 19% of revenue (vs EUR 3.3Mn in 2021; 36% of revenue). Therefore, if clients experienced financial difficulties or failed to partially or fully satisfy their contractual obligations, this could undermine the collection of invoices and trade bills (thereby affecting FCF due to working capital consumption). Meanwhile, the balance of inventories at year-end 2022 stood at EUR 2.3Mn, or 17% of revenue (vs EUR 1.8Mn in 2021; 20% of revenue).
- 6. Low barriers to entry, which are inviting to competitors.** Low barriers to entry in the company's business sector make it easy for newcomers to join the fray and commoditise relatively new products fairly quickly.
- 7. Slower than expected reduction in overhead.** Our estimates point to a reduction in fixed overhead, taking the total (personnel expenses + other operating expenses) to 31.7% of revenue in 2024e (vs an average of 33.6% in the 2021-2022 period). Maintaining overhead at 33.6% would reduce the 2024e recurring EBITDA margin to 10.4% (vs 12.3% estimated). This would imply a c.16% reduction in estimated 2024e recurring EBITDA.
- 8. Regulatory developments:** Regulatory risk is inherent to the packaging industry, where legal requirements are becoming increasingly stringent in Spain as well as elsewhere in Europe. A change in regulations could impact IFLEX's procedures and profitability, giving rise to new CAPEX needs or rendering some products obsolete.
- 9. Financial risk.** On our estimates, the company will end 2023e with EUR 2.6Mn of net debt (ND/EBITDA: 1.6x). To lower its debt, IFLEX must generate positive FCF. Higher CAPEX levels or lower operating profitability (EBITDA) could push net debt back up to over EUR 4Mn (in line with levels seen up until 2022), jeopardising both the company's planned investments and its dividend policy.

## Corporate Governance

### A board (and shareholder body) controlled by the Puig family. And with independent members making up a third

**Table 6. Board of directors**

Name	Position	Status	Date
Avianna Consulting*	Chief Executive Officer	Executive	04/05/2023
Inicatives Depal**	Chief Executive Officer and Chairman	Executive	04/05/2023
Núria Puig Marcó	Board member	Executive	27/10/2022
Genís Puig Oliveras	Board member	Executive	27/10/2022
Genís Puig Solà	Board member	Proprietary	27/10/2022
Miquel Angel Bonachera Sierra	Board member	Independent	27/10/2022
Sergi Audivert Brugué	Board member	Independent	27/10/2022
Josep María Guinart Solà	Board member	Independent	27/10/2022
Josep Puig Vila	Board member	Independent	27/10/2022

(\*) Whose representative is Mr. Pere Puig Oliveras. This company is controlled by Mr. Genís Puig Solà with 99.98%.

(\*\*) Whose representative is Josep María Puig Solà who owns 48.97% of the company and Genís Puig Solà owns 45%.

**Table 7. Shareholders structure**

Name	Direct	Indirect	Total
Avianna Consulting	29.1%		29.1%
Josep María Puig Solà	35.7%		35.7%
Genís Puig Solà	8.4%	29.1%	37.5%
Núria Puig Marco	1.8%		1.8%
Miquel Angel Bonachera Sierra	1.4%		1.4%
Sergi Audivert Brugué	1.4%		1.4%
Genís Puig Oliveras	0.4%	0.0%	0.4%
Pere Puig Oliveras	0.0%	0.0%	0.0%
Josep Puig Vila	0.6%		0.6%
Treasury Stock	1.2%		1.2%
Free Float	20.0%		20.0%
<b>Total</b>	<b>100.0%</b>	<b>29.1%</b>	

**Table 8. Management Team**

	Position
Josep María Puig Solà	CEO
Pere Puig Oliveras	Chief Financial Officer
Núria Puig Marco	Commercial Director
Genís Puig Oliveras	Technical Purchasing Director
Elisabet Rodríguez	Operations Director

IFLEX was founded over 24 years ago (1998). The company's capital is controlled by co-founder and current chairman and CEO, Josep María Puig Sola (35.7% shareholding) and co-founder and executive director, Genís Puig Sola (37.5% direct and indirect ownership interest). IFLEX has been listed on BME Growth since November 2023.

- **A board of directors controlled by the Puig family...** IFLEX's board of directors is composed of nine members, of whom two (Josep María Puig Sola and Genís Puig Solà) have a sizeable ownership interest in the company (c.73.2% of share capital). The board must have a minimum of three and a maximum of 12 members. Of the nine members, one is proprietary (Genís Puig Solà), four are executive (all Puig family members and shareholders in the company, so they are proprietary) and four are independent (including Josep Puig Vila, a *de facto* proprietary director). There are also a secretary and deputy secretary to the board, who are not directors. The maximum term for directorships is six years, with no limit to the number of terms a director can serve.

In short, the board composition is six proprietary directors (Pere Puig Oliveras, Josep María Puig Solà, Núria Puig Marco, Genís Puig Oliveras, Genís Puig Solà and Josep Puig Vila) and three independents (Miquel Angel Bonachera Sierra, Sergi Audivert Brugué and Josep María Guinart Solà).

- **...and fully involved in its management** Four of the nine directors are executive (but also proprietary, as noted above). They are Josep María Puig Solà (main shareholder and CEO), Núria Puig Marco (CCO), Pere Puig Oliveras (CFO) and Genís Puig Oliveras (technical procurement director).
- **Scant presence of independents on committees.** The audit committee is chaired by Josep Puig Vila (independent, but *de facto* proprietary director), Genís Puig Solà (proprietary director) and Josep María Guinart Solà (independent director). This composition undermines in the independence of this committee.
- **Director remuneration.** Total remuneration paid to directors in 2022 was c. EUR 0.4Mn (18% of personnel expenses) vs c. EUR 0.2Mn in 2021 (12% of personnel expenses). As of 30 June 2023, directors had received a total of EUR 25k, gross, for their status as such, and EUR c.0.2Mn for performing other duties or providing professional services. Maximum annual remuneration payable to all directors/board members comprises: (i) fixed remuneration for management and director duties, capped at EUR 0.5Mn, and (ii) attendance fees, of up to EUR 25k.
- **Golden parachute clauses:** at the time of writing, there were no guarantee or golden parachute clauses for termination of directors' or senior managers' contracts or employment or for a change of control of the company.
- **Dividend policy:** The company paid a dividend in 2022 (under the framework of the pre-IPO balance sheet restructuring plan) of EUR 1.2Mn to Inicatives Depal (a company controlled by the Puig family), which at that time was IFLEX's parent. Then, shareholders at the general meeting held on June 2023 agreed to distribute 50% of 2022 profit, i.e. for a total of EUR 0.4Mn. This will be a cash dividend payable in two instalments of EUR 0.2Mn each, one in November 2023 and one in February 2024.

IFLEX's dividend policy is contingent on its investment policy. In CAPEX-intensive years, the dividend policy limits the payout to 20%. Conversely, in CAPEX-light years, payout can reach as high as 60%. We estimate a 50% payout for 2024e and 2025e.

- **Related party transactions:** There are no material transactions with related parties of the owners in contracting suppliers/clients or in the company's investment decision-making. No related party transaction took place between the end of 2022 and 30 June 2023 except for the EUR 0.1Mn loan arranged between IFLEX and Real Estate Betta (a company owned by the Puig family)

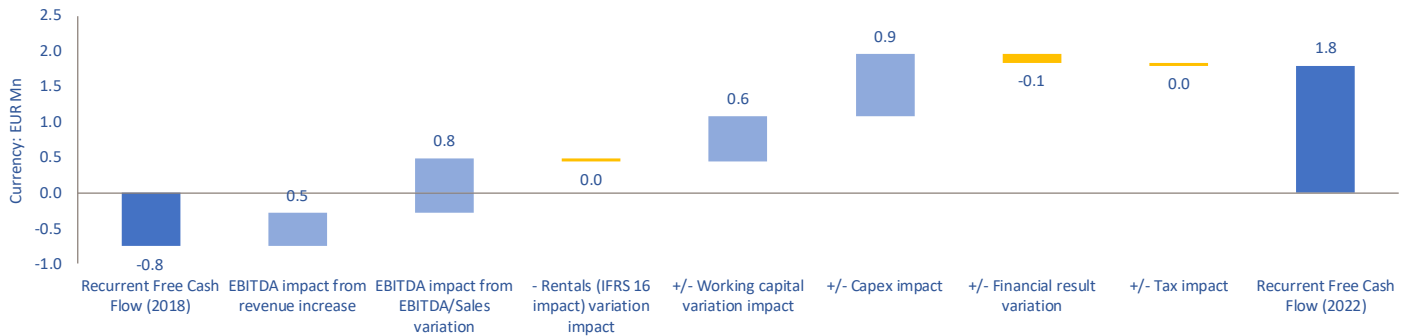
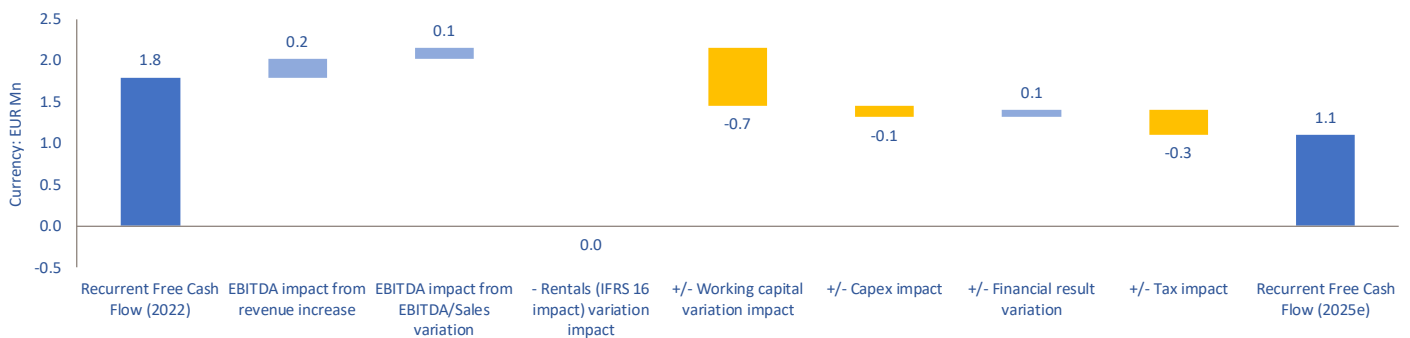
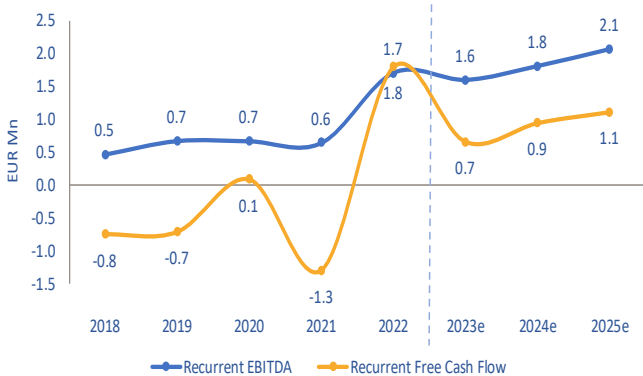
## Appendix 1. Financial Projections

<b>Balance Sheet (EUR Mn)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>CAGR</b>	
Intangible assets	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1		
Fixed assets	4.7	4.6	4.8	4.1	3.9	4.1	4.2	4.3		
Other Non Current Assets	-	-	-	-	-	-	-	-		
Financial Investments	0.4	0.5	0.5	0.5	0.2	0.2	0.2	0.2		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	2.7	3.3	3.3	5.2	4.9	5.0	5.2	5.5		
<b>Total assets</b>	<b>8.0</b>	<b>8.5</b>	<b>8.6</b>	<b>9.8</b>	<b>9.1</b>	<b>9.4</b>	<b>9.7</b>	<b>10.1</b>		
Equity	1.9	2.1	2.2	2.0	1.8	4.1	4.8	5.7		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.0	0.0	0.0	0.2	0.3	0.3	0.3	0.3		
Other Non Current Liabilities	0.3	0.2	0.2	0.3	0.2	0.2	0.2	0.2		
Net financial debt	4.5	5.0	4.8	5.2	4.6	2.6	2.1	1.4		
Current Liabilities	1.3	1.1	1.3	2.0	2.2	2.2	2.3	2.5		
<b>Equity &amp; Total Liabilities</b>	<b>8.0</b>	<b>8.5</b>	<b>8.6</b>	<b>9.8</b>	<b>9.1</b>	<b>9.4</b>	<b>9.7</b>	<b>10.1</b>		
<b>P&amp;L (EUR Mn)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>CAGR</b>	
<b>Total Revenues</b>	<b>7.2</b>	<b>7.6</b>	<b>8.6</b>	<b>9.2</b>	<b>13.7</b>	<b>13.8</b>	<b>14.7</b>	<b>15.5</b>	<b>17.4%</b>	<b>4.4%</b>
<i>Total Revenues growth</i>	3.4%	5.4%	13.1%	7.2%	48.3%	1.0%	6.3%	6.0%		
COGS	(3.9)	(4.1)	(4.7)	(5.2)	(7.7)	(7.7)	(8.2)	(8.6)		
<b>Gross Margin</b>	<b>3.3</b>	<b>3.5</b>	<b>3.9</b>	<b>4.0</b>	<b>5.9</b>	<b>6.0</b>	<b>6.4</b>	<b>6.9</b>	<b>15.9%</b>	<b>5.2%</b>
<i>Gross Margin/Revenues</i>	45.6%	46.6%	45.7%	43.1%	43.5%	43.8%	44.0%	44.5%		
Personnel Expenses	(1.6)	(1.7)	(1.8)	(1.8)	(2.1)	(2.3)	(2.4)	(2.5)		
Other Operating Expenses	(1.2)	(1.2)	(1.5)	(1.5)	(2.1)	(2.1)	(2.2)	(2.4)		
<b>Recurrent EBITDA</b>	<b>0.5</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>1.7</b>	<b>1.6</b>	<b>1.8</b>	<b>2.1</b>	<b>38.4%</b>	<b>6.6%</b>
<i>Recurrent EBITDA growth</i>	3.9%	44.0%	-0.5%	-3.7%	165.8%	-6.3%	13.2%	14.2%		
<i>Rec. EBITDA/Revenues</i>	6.5%	8.8%	7.8%	7.0%	12.5%	11.6%	12.3%	13.3%		
Restructuring Expense & Other non-rec.	-	-	-	-	(0.1)	(0.2)	-	-		
<b>EBITDA</b>	<b>0.5</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>1.6</b>	<b>1.4</b>	<b>1.8</b>	<b>2.1</b>	<b>36.9%</b>	<b>8.1%</b>
Depreciation & Provisions	(0.2)	(0.3)	(0.3)	(0.4)	(0.4)	(0.3)	(0.3)	(0.3)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)		
<b>EBIT</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>1.2</b>	<b>1.0</b>	<b>1.4</b>	<b>1.7</b>	<b>48.0%</b>	<b>11.0%</b>
<i>EBIT growth</i>	-19.1%	29.6%	-13.1%	-29.5%	503.4%	-15.0%	37.2%	17.4%		
<i>EBIT/Revenues</i>	3.6%	4.4%	3.4%	2.2%	9.0%	7.6%	9.8%	10.9%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
<b>Ordinary Profit</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>1.1</b>	<b>1.0</b>	<b>1.4</b>	<b>1.6</b>	<b>74.0%</b>	<b>14.8%</b>
<i>Ordinary Profit Growth</i>	-40.9%	89.7%	-18.7%	-54.5%	n.a.	-11.5%	43.5%	19.0%		
Extraordinary Results	-	-	-	-	-	-	-	-		
<b>Profit Before Tax</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>1.1</b>	<b>1.0</b>	<b>1.4</b>	<b>1.6</b>	<b>74.0%</b>	<b>14.8%</b>
Tax Expense	(0.0)	(0.1)	(0.1)	(0.0)	(0.2)	(0.2)	(0.2)	(0.3)		
<i>Effective Tax Rate</i>	30.8%	29.3%	28.2%	26.1%	19.0%	18.0%	18.0%	18.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.9</b>	<b>0.8</b>	<b>1.1</b>	<b>1.4</b>	<b>81.0%</b>	<b>15.3%</b>
<i>Net Profit growth</i>	-41.7%	93.7%	-17.3%	-53.1%	n.a.	-10.3%	43.5%	19.0%		
<b>Ordinary Net Profit</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.9</b>	<b>0.9</b>	<b>1.1</b>	<b>1.4</b>	<b>83.3%</b>	<b>12.9%</b>
<i>Ordinary Net Profit growth</i>	-41.0%	91.5%	-17.3%	-53.1%	n.a.	1.0%	19.6%	19.0%		
<b>Cash Flow (EUR Mn)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>CAGR</b>	
<b>Recurrent EBITDA</b>						<b>1.6</b>	<b>1.8</b>	<b>2.1</b>	<b>38.4%</b>	<b>6.6%</b>
Rentals (IFRS 16 impact)						(0.0)	(0.0)	(0.0)		
Working Capital Increase						(0.1)	(0.1)	(0.2)		
<b>Recurrent Operating Cash Flow</b>						<b>1.5</b>	<b>1.7</b>	<b>1.8</b>	<b>59.3%</b>	<b>-5.6%</b>
CAPEX						(0.6)	(0.4)	(0.4)		
Net Financial Result affecting the Cash Flow						(0.1)	(0.1)	(0.0)		
Tax Expense						(0.2)	(0.2)	(0.3)		
<b>Recurrent Free Cash Flow</b>						<b>0.7</b>	<b>0.9</b>	<b>1.1</b>	<b>44.7%</b>	<b>-14.9%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						(0.2)	-	-		
<b>Free Cash Flow</b>						<b>0.5</b>	<b>0.9</b>	<b>1.1</b>	<b>54.6%</b>	<b>-16.2%</b>
Capital Increase						1.8	-	-		
Dividends						(0.2)	(0.4)	(0.5)		
<b>Net Debt Variation</b>						<b>(2.0)</b>	<b>(0.5)</b>	<b>(0.6)</b>		

## Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
<b>Recurrent EBITDA</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>1.7</b>	<b>1.6</b>	<b>1.8</b>	<b>2.1</b>	<b>36.5%</b>	<b>6.6%</b>
<i>Recurrent EBITDA growth</i>	44.0%	-0.5%	-3.7%	165.8%	-6.3%	13.2%	14.2%		
<i>Rec. EBITDA/Revenues</i>	8.8%	7.8%	7.0%	12.5%	11.6%	12.3%	13.3%		
- Rentals (IFRS 16 impact)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)		
+/- Working Capital increase	(0.7)	0.2	(1.2)	0.5	(0.1)	(0.1)	(0.2)		
<b>= Recurrent Operating Cash Flow</b>	<b>(0.0)</b>	<b>0.8</b>	<b>(0.7)</b>	<b>2.2</b>	<b>1.5</b>	<b>1.7</b>	<b>1.8</b>	<i>n.a.</i>	<b>-5.6%</b>
<i>Rec. Operating Cash Flow growth</i>	-110.8%	<i>n.a.</i>	-183.2%	431.4%	-32.9%	15.2%	8.9%		
<i>Rec. Operating Cash Flow / Sales</i>	<i>n.a.</i>	9.2%	<i>n.a.</i>	16.0%	10.6%	11.5%	11.8%		
- CAPEX	(0.5)	(0.5)	(0.5)	(0.3)	(0.6)	(0.4)	(0.4)		
- Net Financial Result affecting Cash Flow	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)		
- Taxes	(0.0)	(0.1)	-	-	(0.2)	(0.2)	(0.3)		
<b>= Recurrent Free Cash Flow</b>	<b>(0.7)</b>	<b>0.1</b>	<b>(1.3)</b>	<b>1.8</b>	<b>0.7</b>	<b>0.9</b>	<b>1.1</b>	<b>65.3%</b>	<b>-14.9%</b>
<i>Rec. Free Cash Flow growth</i>	5.0%	111.7%	<i>n.a.</i>	238.5%	-63.6%	44.1%	17.7%		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	1.0%	<i>n.a.</i>	13.2%	4.7%	6.4%	7.1%		
- Restructuring expenses & others	-	-	-	-	-	-	-		
- Acquisitions / + Divestments	0.0	0.0	0.7	0.1	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	(0.0)	(0.2)	-	-		
<b>= Free Cash Flow</b>	<b>(0.7)</b>	<b>0.1</b>	<b>(0.6)</b>	<b>1.9</b>	<b>0.5</b>	<b>0.9</b>	<b>1.1</b>	<b>68.2%</b>	<b>-16.2%</b>
<i>Free Cash Flow growth</i>	-34.3%	116.4%	-594.5%	440.8%	-75.5%	104.3%	17.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	0.9%	<i>n.a.</i>	18.8%	6.9%	9.9%	11.6%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>n.a.</i>	1.2%	<i>n.a.</i>	19.8%	4.8%	9.9%	11.6%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
	2019	2020	2021	2022	2023e	2024e	2025e		
<b>Recurrent FCF(FY - 1)</b>	<b>(0.8)</b>	<b>(0.7)</b>	<b>0.1</b>	<b>(1.3)</b>	<b>1.8</b>	<b>0.7</b>	<b>0.9</b>		
EBITDA impact from revenue increase	0.0	0.1	0.0	0.3	0.0	0.1	0.1		
EBITDA impact from EBITDA/Sales variation	0.2	(0.1)	(0.1)	0.8	(0.1)	0.1	0.1		
<b>= Recurrent EBITDA variation</b>	<b>0.2</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>1.1</b>	<b>(0.1)</b>	<b>0.2</b>	<b>0.3</b>		
- Rentals (IFRS 16 impact) variation impact	(0.0)	(0.0)	(0.0)	0.0	-	-	-		
+/- Working capital variation impact	(0.6)	0.8	(1.4)	1.8	(0.6)	0.0	(0.1)		
<b>= Recurrent Operating Cash Flow variation</b>	<b>(0.4)</b>	<b>0.8</b>	<b>(1.4)</b>	<b>2.8</b>	<b>(0.7)</b>	<b>0.2</b>	<b>0.1</b>		
+/- CAPEX impact	0.6	-	0.0	0.3	(0.3)	0.1	0.1		
+/- Financial result variation	(0.1)	0.0	(0.0)	(0.0)	0.0	0.0	0.0		
+/- Tax impact	(0.1)	(0.0)	0.1	-	(0.2)	(0.1)	(0.0)		
<b>= Recurrent Free Cash Flow variation</b>	<b>0.0</b>	<b>0.8</b>	<b>(1.4)</b>	<b>3.1</b>	<b>(1.1)</b>	<b>0.3</b>	<b>0.2</b>		
<b>Recurrent Free Cash Flow</b>	<b>(0.7)</b>	<b>0.1</b>	<b>(1.3)</b>	<b>1.8</b>	<b>0.7</b>	<b>0.9</b>	<b>1.1</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
<b>EBIT</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>1.2</b>	<b>1.0</b>	<b>1.4</b>	<b>1.7</b>	<b>54.6%</b>	<b>11.0%</b>
* Theoretical Tax rate	29.3%	28.2%	26.1%	19.0%	18.0%	18.0%	18.0%		
= Taxes (pre- Net Financial Result)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)		
<b>Recurrent EBITDA</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>1.7</b>	<b>1.6</b>	<b>1.8</b>	<b>2.1</b>	<b>36.5%</b>	<b>6.6%</b>
- Rentals (IFRS 16 impact)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)		
+/- Working Capital increase	(0.7)	0.2	(1.2)	0.5	(0.1)	(0.1)	(0.2)		
<b>= Recurrent Operating Cash Flow</b>	<b>(0.0)</b>	<b>0.8</b>	<b>(0.7)</b>	<b>2.2</b>	<b>1.5</b>	<b>1.7</b>	<b>1.8</b>	<i>n.a.</i>	<b>-5.6%</b>
- CAPEX	(0.5)	(0.5)	(0.5)	(0.3)	(0.6)	(0.4)	(0.4)		
- Taxes (pre- Financial Result)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>(0.7)</b>	<b>0.2</b>	<b>(1.2)</b>	<b>1.7</b>	<b>0.7</b>	<b>1.0</b>	<b>1.1</b>	<b>65.2%</b>	<b>-12.2%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	22.1%	124.8%	-833.5%	237.5%	-57.2%	36.5%	15.8%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	<i>n.a.</i>	2.0%	<i>n.a.</i>	12.4%	5.2%	6.7%	7.4%		
- Acquisitions / + Divestments	0.0	0.0	0.7	0.1	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	(0.0)	(0.2)	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>(0.6)</b>	<b>0.2</b>	<b>(0.5)</b>	<b>1.8</b>	<b>0.5</b>	<b>1.0</b>	<b>1.1</b>	<b>68.3%</b>	<b>-13.7%</b>
<i>Free Cash Flow (To the Firm) growth</i>	-3.4%	130.5%	-347.8%	466.2%	-70.2%	86.1%	15.8%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	<i>n.a.</i>	1.2%	<i>n.a.</i>	11.7%	5.0%	6.8%	7.9%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>n.a.</i>	1.4%	<i>n.a.</i>	12.3%	3.7%	6.8%	7.9%		



**Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)**

**Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)**

**Recurrent EBITDA vs Recurrent Free Cash Flow**

**Appendix 3. EV breakdown at the date of this report**

	EUR Mn	Source
Market Cap	9.5	
+ Minority Interests	-	6m Results 2023
+ Provisions & Other L/T Liabilities	0.3	6m Results 2023
+ Net financial debt	5.0	6m Results 2023
- Financial Investments	0.3	6m Results 2023
+/- Others		
<b>Enterprise Value (EV)</b>	<b>14.5</b>	

## Appendix 4. Main peers 2023e

		Packaging					
EUR Mn		Amcor	Huhtamaki	Aluflexpack	Mondi	Average	IFLEX
Market data	Ticker (Factset)	AMCR-US	HUH1V-FI	AFP-CH	MNDI-GB		IFLEX-ES
	Country	United Kingdom	Finland	Switzerland	United Kingdom		Spain
	Market cap	12,770.0	3,990.4	160.6	8,582.1		9.5
	Enterprise value (EV)	19,230.4	5,305.7	259.6	10,165.2		14.5
Basic financial information	Total Revenues	13,372.2	4,184.6	392.1	7,323.4		13.8
	Total Revenues growth	1.0%	-6.6%	3.0%	-16.3%	-4.7%	1.0%
	2y CAGR (2023e - 2025e)	0.0%	4.0%	9.5%	3.5%	4.3%	6.1%
	EBITDA	1,775.3	587.0	49.7	1,172.9		1.4
	EBITDA growth	-2.7%	3.3%	39.8%	-35.4%	1.3%	-14.0%
	2y CAGR (2023e - 2025e)	3.1%	6.4%	17.1%	9.1%	8.9%	21.2%
	EBITDA/Revenues	13.3%	14.0%	12.7%	16.0%	14.0%	10.2%
	EBIT	1,253.9	373.3	22.0	763.6		1.0
	EBIT growth	-3.3%	6.3%	137.7%	-46.5%	23.5%	-15.0%
	2y CAGR (2023e - 2025e)	9.1%	8.3%	28.5%	12.7%	14.7%	26.9%
	EBIT/Revenues	9.4%	8.9%	5.6%	10.4%	8.6%	7.6%
	Net Profit	953.6	187.1	7.9	489.4		0.8
	Net Profit growth	30.2%	-32.2%	78.7%	-58.0%	4.7%	-10.3%
	2y CAGR (2023e - 2025e)	0.5%	22.0%	69.5%	15.3%	26.9%	30.7%
	CAPEX/Sales %	3.6%	7.4%	7.7%	10.4%	7.3%	4.0%
	Free Cash Flow	668.8	220.9	(5.0)	349.3		0.5
Net financial debt	6,024.6	1,406.7	117.4	542.3		2.6	
ND/EBITDA (x)	3.4	2.4	2.4	0.5	2.2	1.6	
Pay-out	66.9%	56.3%	0.0%	61.8%	46.2%	50.0%	
Multiples and Ratios	P/E (x)	14.8	17.2	20.3	17.0	17.3	10.6
	P/BV (x)	3.5	2.0	0.8	1.5	1.9	2.3
	EV/Revenues (x)	1.4	1.3	0.7	1.4	1.2	1.1
	EV/EBITDA (x)	10.8	9.0	5.2	8.7	8.4	9.1
	EV/EBIT (x)	15.3	14.2	11.8	13.3	13.7	13.8
	ROE	25.9	11.7	4.0	8.7	12.6	26.9
	FCF Yield (%)	5.2	5.5	n.a.	4.1	4.9	6.9
	DPS	0.43	1.01	0.00	0.62	0.52	0.07
	Dvd Yield	4.9%	2.7%	0.0%	3.5%	2.8%	4.7%

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

## LIGHTHOUSE

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
22-Dec-2023	n.a.	1.58	n.a.	n.a.	Initiation of Coverage	Enrique Andres Abad

