

EQUITY - SPAIN

Sector: Containers & Packaging

Closing price: EUR 1.61 (26 Apr 2024)

Report date: 29 Apr 2024 (hh:mmh)

12m Results 2023

Independent Equity Research

12m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

Enrique Andrés Abad, CFA – enrique.andres@institutodeanalistas.com

+34 915 904 226

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 2023, 78% of sales were generated in Spain. It has three core lines of business: (i) food (62% of 2023 revenue); (ii) pharma/cosmetics (19%); and (iii) other (19%).

2023 results: confirmation of the leap in scale achieved in 2022. Trading at a P/E 2024e of 8.2x

Market Data

Market Cap (Mn EUR and USD)	9.7	10.4
EV (Mn EUR and USD) ⁽²⁾	12.8	13.7
Shares Outstanding (Mn)	6.0	
-12m (Max/Med/Min EUR)	2.26 / 1.72 / 1.48	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	4.7	
Factset / Bloomberg	IFLEX-ES / IFLEX SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Puig Family	76.0
Treasury stock	1.4
Miquel Angel Bonachera Sierra	1.4
Sergi Audvert Brugué	1.4
Free Float	19.8

Financials (Mn EUR)	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	5.3	6.0	6.0	6.0
Total Revenues	14.0	14.9	15.8	16.6
Rec. EBITDA	1.8	2.0	2.2	2.5
% growth	4.1	10.6	9.8	10.7
% Rec. EBITDA/Rev.	13.2	13.7	14.2	15.0
% Inc. EBITDA sector ⁽⁴⁾	9.4	12.3	9.8	8.6
Net Profit	0.9	1.2	1.4	1.6
EPS (EUR)	0.16	0.20	0.23	0.27
% growth	-6.3	20.8	16.4	16.8
Ord. EPS (EUR)	0.18	0.20	0.23	0.27
% growth	-0.2	6.6	16.4	16.8
Rec. Free Cash Flow ⁽⁵⁾	0.4	0.9	1.2	1.4
Pay-out (%)	50.0	50.0	50.0	50.0
DPS (EUR)	0.08	0.10	0.11	0.13
Net financial debt	3.4	2.9	2.3	1.5
ND/Rec. EBITDA (x)	1.8	1.4	1.0	0.6
ROE (%)	31.1	28.5	27.8	27.4
ROCE (%) ⁽⁵⁾	16.0	18.8	20.5	22.6

Ratios & Multiples (x) ⁽⁶⁾

	2023	2024e	2025e	2026e
P/E	9.9	8.2	7.0	6.0
Ord. P/E	8.7	8.2	7.0	6.0
P/BV	2.6	2.1	1.8	1.5
Dividend Yield (%)	5.1	6.1	7.1	8.3
EV/Sales	0.92	0.86	0.81	0.77
EV/Rec. EBITDA	6.9	6.3	5.7	5.2
EV/EBIT	10.6	8.4	7.5	6.6
FCF Yield (%) ⁽⁵⁾	4.2	8.9	12.0	14.4

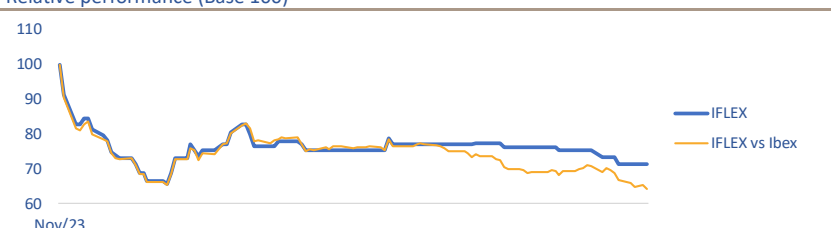
CONFIRMATION OF THE STEP-UP IN SCALE OBSERVED IN 2022... IFLEX generated EUR 14.0Mn of revenue in FY23 (vs EUR 13.7Mn in 2022; fully in line with our estimates). They have cemented the strong organic growth achieved in 2022 (+48% vs 2021). By business line: food was strong at EUR 8.6Mn (vs EUR 8.2Mn in 2022), pharmacy was flat at EUR 2.7Mn and other sectors dipped slightly, to EUR 2.7Mn (vs EUR 2.8Mn in 2022).

... WITH A SLIGHT IMPROVEMENT IN REC. EBITDA RESULTS IN LINE. Sharp growth in the gross margin to 47.3% (vs 43.5% in 2022), thanks to optimal capacity utilisation and the drop in raw material costs, was offset by sharp growth in overhead to EUR 4.8Mn (+14% vs 2022, due to growth in production and sales staff). As a result, recurring EBITDA came in at EUR 1.8Mn (+4% vs 2022), very slightly above our expectations (excluding the cost of the BME Growth listing of EUR 0.2Mn). We are increasing our estimate for recurring EBITDA 2024e a little, to EUR 2.0Mn (vs our previous estimate of EUR 1.8Mn).

ND: EUR 3.4MN (VS EUR 4.6MN IN 2022). Implying a net debt/recurring EBITDA multiple of 1.8x, a sign of a healthy capital structure. Net profit amounted to EUR 0.9Mn (vs EUR 0.9Mn in 2022). IFLEX is trading at a trailing P/E 2023 multiple of 8.7x and a forward P/E 24e multiple of 8.2x.

IFLEX'S ROCE INCREASED TO 16.0% (VS 15.1% IN 2022). At year-end 2023, the company's ROCE stood at 16.0%. That is c.6pp above its WACC. That means that the company has significant room to continue to invest, creating value and guaranteeing optimum competitive positioning.

IN SHORT, A LOW-RISK STORY TRADING AT A P/E OF 8X. The 2023 results confirm the leap in scale achieved in 2022, mitigating the only unknown: the trend in revenue. We are therefore looking at a low-risk model: exposure to defensive sectors, vertical integration, a sound capital structure and low regulatory risk (indeed regulations are an opportunity for IFLEX). That is the crux of its equity story: sustainable revenue and margin growth combined with a stable dividend policy (dividend yield > 6%). On our estimates for 2024e, IFLEX is trading at EV/ rec. EBITDA and P/E multiples of 6.3x and 8.2x, respectively. A possible investment play without much downside.

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-28.8	-8.5	n.a.	-2.5	n.a.	n.a.
vs Ibex 35	-35.8	-18.5	n.a.	-11.7	n.a.	n.a.
vs Ibex Small Cap Index	-31.3	-10.9	n.a.	-5.4	n.a.	n.a.
vs Eurostoxx 50	-37.7	-15.3	n.a.	-12.0	n.a.	n.a.
vs Sector benchmark ⁽⁴⁾	-39.0	-15.2	n.a.	-10.3	n.a.	n.a.

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

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

(4) Sector: Stoxx Europe 600 Industrial Goods & Services.

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

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

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

IFLEX (IFLEX) is a BME Growth company

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.

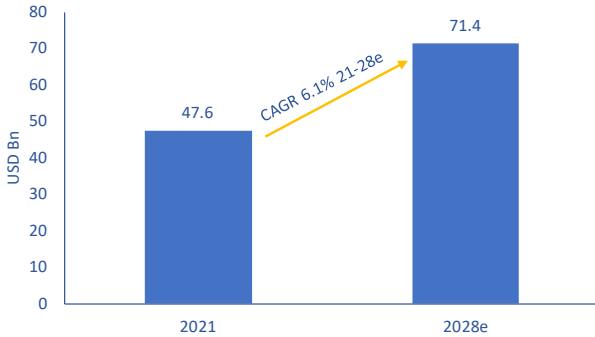
BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are 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).

12m Results 2023
Table 1. 2023 Results

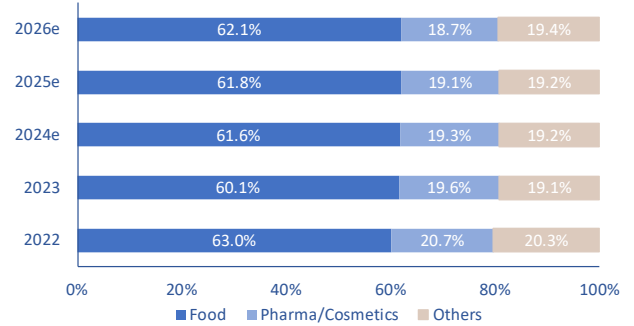
EUR Mn	12m23 Real	12m22	12m23 Real vs 12m22	2023e	12m23 Real vs 2023e
Total Revenues	14.0	13.7	2.7%	13.8	1.7%
Recurrent EBITDA	1.8	1.8	4.1%	1.6	15.7%
<i>Rec. EBITDA/Revenues</i>	<i>13.2%</i>	<i>13.0%</i>	<i>0.2 p.p.</i>	<i>11.6%</i>	<i>1.6 p.p.</i>
EBITDA	1.7	1.7	0.7%	1.4	22.3%
<i>EBITDA/Revenues</i>	<i>12.3%</i>	<i>12.5%</i>	<i>-0.2 p.p.</i>	<i>10.2%</i>	<i>2.1 p.p.</i>
EBIT	1.2	1.3	-2.9%	1.5	-20.1%
PBT	1.0	1.1	-10.9%	1.4	-27.4%
NP	0.9	0.9	-3.8%	1.2	-27.4%
Net Debt	3.4	4.6	-27%	2.6	29%
ND / EBITDA	1.8 x	2.6 x	-0.8 x	1.9 x	0.0 x

The company in 8 charts

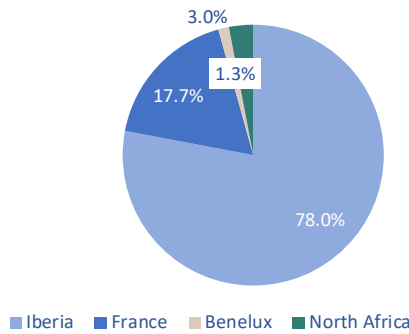
The European flexible packaging sector is expected to grow at CAGR of 6.1% in 21-28e



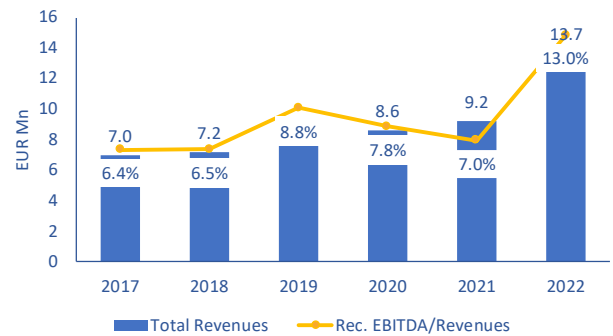
IFLEX: a vertically integrated business with exposure to defensive/anti-cyclical sectors ...



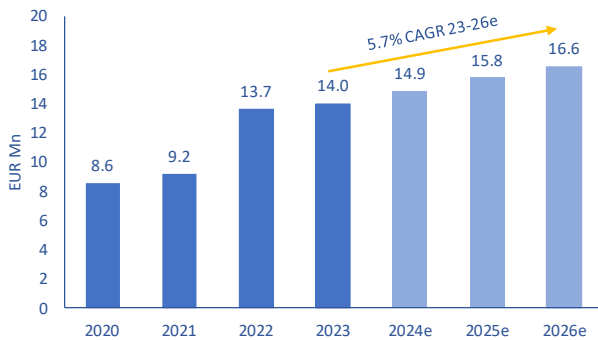
... and an international presence (which it plans to expand). In 2023, sales in Spain accounted for 78%



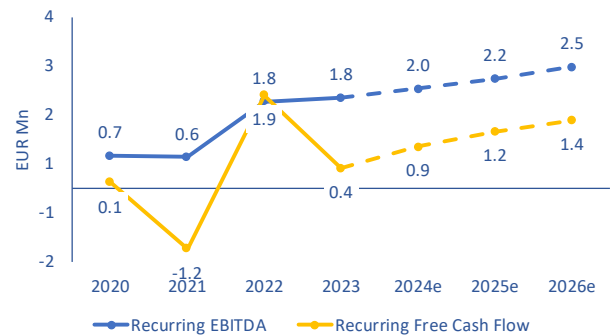
Sustained growth between 2017 - 21. Then, in 2022, it achieved an organic leap in scale in terms of revenue (+48%) and profitability ...



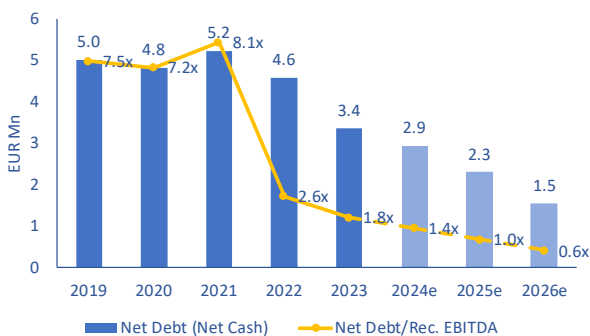
... changing the company's profile. And that is IFLEX's equity story: consolidation of the leap taken in 2022



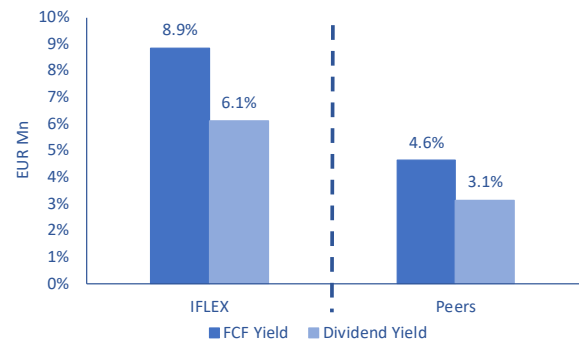
Driving EBITDA margin expansion to 14.9% in 2026e with the corresponding impact on recurring FCF generation



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



Trading at attractive multiples: 2024e FCF yields of 8.9% vs 4.6% at its main comps



Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	1.0	1.3	1.5	19.4			
Market Cap	9.7	At the date of this report					
Net financial debt	3.4	Debt net of Cash (12m 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)	3.3%	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	10.5%	Ke = Rf + (R * B)			9.4%	11.8%	
Equity / (Equity + Net Debt)	74.3%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	25.7%	D			=	=	
WACC	9.1%	WACC = Kd * D + Ke * E			8.2%	10.0%	
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 24e	EPS 24e-26e	EV/EBITDA 24e	EBITDA 24e-26e	EV/Sales 24e	Revenues 24e-26e	EBITDA/Sales 24e	FCF Yield 24e	FCF 24e-26e
Amcor	AMCR-US	12,139.3	13.1	6.1%	10.3	4.2%	1.5	2.8%	14.1%	6.6%	3.7%
Huhtamaki	HUH1V-FI	3,885.8	14.5	8.5%	8.1	6.0%	1.2	4.3%	14.8%	4.7%	9.9%
Aluflexpack	AFP-CH	262.2	15.8	33.1%	7.7	-41.4%	1.0	8.1%	13.5%	4.8%	30.6%
Mondi	MNDI-GB	7,769.4	16.4	23.6%	7.4	16.1%	1.2	7.4%	15.6%	2.4%	59.5%
Packaging			14.9	17.8%	8.4	-3.8%	1.2	5.6%	14.5%	4.6%	26.0%
IFLEX	IFLEX-ES	9.7	8.2	16.6%	6.3	10.2%	0.9	5.5%	13.7%	8.9%	27.4%

Free Cash Flow sensitivity analysis (2025e)

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

Scenario	EBITDA/Sales 25e	EBITDA 25e	EV/EBITDA 25e
Max	15.6%	2.5	5.2x
Central	14.2%	2.2	5.7x
Min	12.8%	2.0	6.3x

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

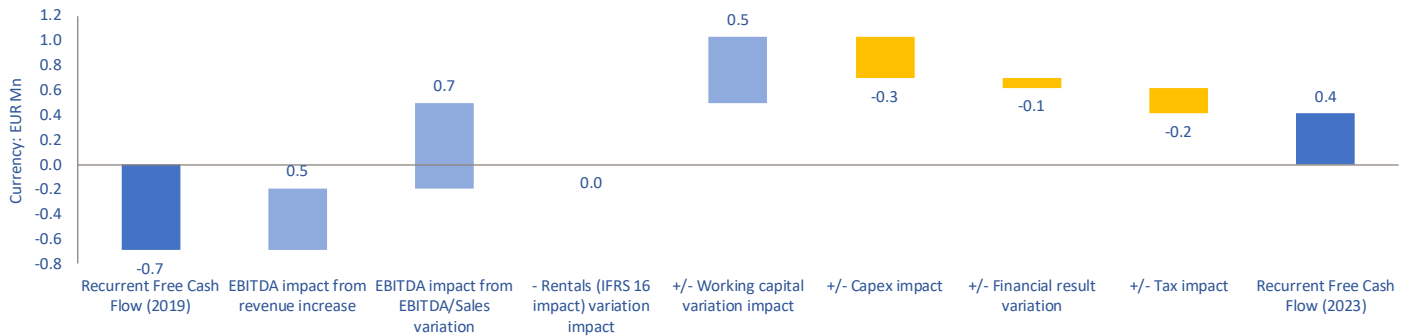
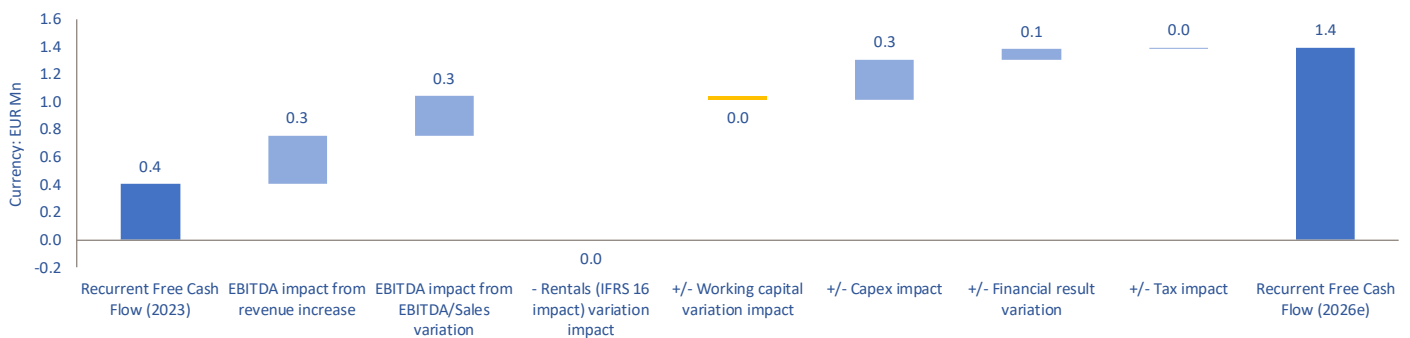
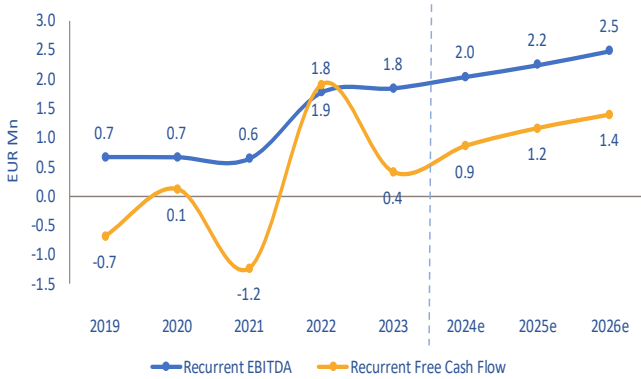
Rec. FCF EUR Mn	CAPEX/Sales 25e			Scenario	Rec. FCF/Yield 25e		
EBITDA 25e	3.1%	3.5%	3.9%		Max	14.9%	14.2%
2.5	1.4	1.4	1.3	Central	12.6%	12.0%	11.3%
2.2	1.2	1.2	1.1	Min	10.4%	9.7%	9.1%
2.0	1.0	0.9	0.9				

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Intangible assets	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1		
Fixed assets	4.6	4.8	4.1	3.9	4.2	4.2	4.3	4.3		
Other Non Current Assets	-	-	-	-	-	-	-	-		
Financial Investments	0.5	0.5	0.5	0.2	0.5	0.5	0.5	0.5		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	3.3	3.3	5.2	4.9	4.7	5.2	5.5	5.7		
Total assets	8.5	8.6	9.8	9.1	9.6	10.0	10.3	10.6		
Equity	2.1	2.2	2.0	1.8	3.8	4.5	5.4	6.4		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	0.0	0.0	0.2	0.3	0.3	0.3	0.3	0.3		
Other Non Current Liabilities	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.3		
Net financial debt	5.0	4.8	5.2	4.6	3.4	2.9	2.3	1.5		
Current Liabilities	1.1	1.3	2.0	2.2	1.9	2.0	2.1	2.2		
Equity & Total Liabilities	8.5	8.6	9.8	9.1	9.6	10.0	10.3	10.6		
P&L (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Total Revenues	7.6	8.6	9.2	13.7	14.0	14.9	15.8	16.6	16.6%	5.7%
<i>Total Revenues growth</i>	5.4%	13.1%	7.2%	48.3%	2.7%	6.1%	6.0%	5.0%		
COGS	(4.1)	(4.7)	(5.2)	(7.7)	(7.4)	(7.8)	(8.3)	(8.7)		
Gross Margin	3.5	3.9	4.0	5.9	6.6	7.0	7.5	7.8	17.1%	5.7%
<i>Gross Margin/Revenues</i>	46.6%	45.7%	43.1%	43.5%	47.3%	47.3%	47.3%	47.3%		
Personnel Expenses	(1.7)	(1.8)	(1.8)	(2.1)	(2.7)	(2.8)	(2.9)	(3.0)		
Other Operating Expenses	(1.2)	(1.5)	(1.5)	(2.1)	(2.1)	(2.2)	(2.3)	(2.4)		
Recurrent EBITDA	0.7	0.7	0.6	1.8	1.8	2.0	2.2	2.5	28.9%	10.4%
<i>Recurrent EBITDA growth</i>	44.0%	-0.5%	-3.7%	176.9%	4.1%	10.6%	9.8%	10.7%		
<i>Rec. EBITDA/Revenues</i>	8.8%	7.8%	7.0%	13.0%	13.2%	13.7%	14.2%	15.0%		
Restructuring Expense & Other non-rec.	-	-	-	(0.1)	(0.1)	-	-	-		
EBITDA	0.7	0.7	0.6	1.7	1.7	2.0	2.2	2.5	26.6%	13.1%
Depreciation & Provisions	(0.3)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	0.3	0.3	0.2	1.3	1.2	1.5	1.7	2.0	38.1%	17.2%
<i>EBIT growth</i>	29.6%	-13.1%	-29.5%	512.2%	-2.9%	25.1%	13.1%	13.7%		
<i>EBIT/Revenues</i>	4.4%	3.4%	2.2%	9.2%	8.7%	10.2%	10.9%	11.8%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	0.2	0.2	0.1	1.1	1.0	1.4	1.6	1.8	44.6%	23.2%
<i>Ordinary Profit Growth</i>	89.7%	-18.7%	-54.5%	n.a.	-10.9%	37.7%	16.4%	16.8%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	0.2	0.2	0.1	1.1	1.0	1.4	1.6	1.8	44.6%	23.2%
Tax Expense	(0.1)	(0.1)	(0.0)	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)		
<i>Effective Tax Rate</i>	29.3%	28.2%	26.1%	18.7%	12.3%	12.3%	12.3%	12.3%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	0.2	0.1	0.1	0.9	0.9	1.2	1.4	1.6	52.7%	23.2%
<i>Net Profit growth</i>	93.7%	-17.3%	-53.1%	n.a.	-3.8%	37.7%	16.4%	16.8%		
Ordinary Net Profit	0.2	0.1	0.1	1.0	1.0	1.2	1.4	1.6	57.5%	18.2%
<i>Ordinary Net Profit growth</i>	91.5%	-17.3%	-53.1%	n.a.	2.4%	21.5%	16.4%	16.8%		
Cash Flow (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Recurrent EBITDA	0.7	0.7	0.6	1.7	1.7	2.0	2.2	2.5	28.9%	10.4%
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
Working Capital Increase	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
Recurrent Operating Cash Flow	0.4	0.5	0.4	1.5	1.5	1.8	2.0	2.3	n.a.	10.7%
CAPEX	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)		
Net Financial Result affecting the Cash Flow	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
Tax Expense	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
Recurrent Free Cash Flow	0.9	1.2	1.4	2.7	2.7	3.2	3.4	3.7	27.0%	50.4%
Restructuring Expense & Other non-rec.	-	-	-	-	-	-	-	-		
- Acquisitions / + Divestures of assets	-	-	-	-	-	-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow	-	-	-	-	-	-	-	-		
Free Cash Flow	0.9	1.2	1.4	2.7	2.7	3.2	3.4	3.7	42.9%	n.a.
Capital Increase	-	-	-	-	-	-	-	-		
Dividends	(0.4)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)		
Net Debt Variation	(0.4)	(0.7)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
Recurrent EBITDA	0.7	0.6	1.8	1.8	2.0	2.2	2.5	40.5%	10.4%
<i>Recurrent EBITDA growth</i>	-0.5%	-3.7%	176.9%	4.1%	10.6%	9.8%	10.7%		
<i>Rec. EBITDA/Revenues</i>	7.8%	7.0%	13.0%	13.2%	13.7%	14.2%	15.0%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	0.2	(1.2)	0.5	(0.1)	(0.3)	(0.2)	(0.2)		
= Recurrent Operating Cash Flow	0.8	(0.6)	2.3	1.7	1.7	2.0	2.3	27.2%	10.7%
<i>Rec. Operating Cash Flow growth</i>	n.a.	-171.7%	485.8%	-25.5%	0.2%	19.8%	12.8%		
<i>Rec. Operating Cash Flow / Sales</i>	9.6%	n.a.	16.8%	12.2%	11.5%	13.0%	14.0%		
- CAPEX	(0.5)	(0.5)	(0.3)	(0.9)	(0.5)	(0.6)	(0.6)		
- Net Financial Result affecting Cash Flow	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)		
- Taxes	(0.1)	-	-	(0.2)	(0.2)	(0.2)	(0.2)		
= Recurrent Free Cash Flow	0.1	(1.2)	1.9	0.4	0.9	1.2	1.4	50.0%	50.4%
<i>Rec. Free Cash Flow growth</i>	117.8%	n.a.	254.8%	-78.5%	109.6%	35.2%	20.0%		
<i>Rec. Free Cash Flow / Revenues</i>	1.4%	n.a.	14.0%	2.9%	5.8%	7.4%	8.4%		
- Restructuring expenses & others	-	-	-	(0.2)	-	-	-		
- Acquisitions / + Divestments	0.0	0.7	0.1	(0.3)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	0.2	(0.5)	2.0	(0.1)	0.9	1.2	1.4	-35.1%	n.a.
<i>Free Cash Flow growth</i>	122.9%	-426.2%	516.5%	-103.4%	n.a.	35.2%	20.0%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	1.3%	n.a.	19.7%	4.2%	8.9%	12.0%	14.4%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	1.5%	n.a.	21.0%	n.a.	8.9%	12.0%	14.4%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Recurrent FCF(FY - 1)	(0.7)	0.1	(1.2)	1.9	0.4	0.9	1.2		
EBITDA impact from revenue increase	0.1	0.0	0.3	0.0	0.1	0.1	0.1		
EBITDA impact from EBITDA/Sales variation	(0.1)	(0.1)	0.8	0.0	0.1	0.1	0.1		
= Recurrent EBITDA variation	(0.0)	(0.0)	1.1	0.1	0.2	0.2	0.2		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	0.8	(1.4)	1.8	(0.7)	(0.2)	0.1	0.0		
= Recurrent Operating Cash Flow variation	0.8	(1.4)	2.9	(0.6)	0.0	0.3	0.3		
+/- CAPEX impact	-	0.0	0.3	(0.6)	0.4	(0.0)	(0.0)		
+/- Financial result variation	0.0	(0.0)	(0.0)	(0.1)	0.0	0.0	0.0		
+/- Tax impact	(0.0)	0.1	-	(0.2)	0.1	(0.0)	(0.0)		
= Recurrent Free Cash Flow variation	0.8	(1.4)	3.1	(1.5)	0.5	0.3	0.2		
Recurrent Free Cash Flow	0.1	(1.2)	1.9	0.4	0.9	1.2	1.4		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
EBIT	0.3	0.2	1.3	1.2	1.5	1.7	2.0	61.2%	17.2%
* Theoretical Tax rate	28.2%	26.1%	18.7%	12.3%	12.3%	12.3%	12.3%		
= Taxes (pre- Net Financial Result)	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)		
Recurrent EBITDA	0.7	0.6	1.8	1.8	2.0	2.2	2.5	40.5%	10.4%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	0.2	(1.2)	0.5	(0.1)	(0.3)	(0.2)	(0.2)		
= Recurrent Operating Cash Flow	0.8	(0.6)	2.3	1.7	1.7	2.0	2.3	27.2%	10.7%
- CAPEX	(0.5)	(0.5)	(0.3)	(0.9)	(0.5)	(0.6)	(0.6)		
- Taxes (pre- Financial Result)	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)		
= Recurrent Free Cash Flow (To the Firm)	0.2	(1.2)	1.8	0.7	1.0	1.3	1.5	49.2%	29.7%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	131.9%	-666.4%	254.7%	-62.1%	46.6%	28.2%	16.0%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	2.4%	n.a.	13.2%	4.9%	6.7%	8.2%	9.0%		
- Acquisitions / + Divestments	0.0	0.7	0.1	(0.3)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	0.2	(0.4)	1.9	0.4	1.0	1.3	1.5	19.2%	55.5%
<i>Free Cash Flow (To the Firm) growth</i>	138.1%	-280.3%	557.8%	-79.5%	152.7%	28.2%	16.0%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.6%	n.a.	14.1%	5.3%	7.8%	10.0%	11.6%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	1.8%	n.a.	15.1%	3.1%	7.8%	10.0%	11.6%		

Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)

Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)

Recurrent EBITDA vs Recurrent Free Cash Flow

Stock performance vs EBITDA 12m forward

Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	9.7	
+ Minority Interests	-	12m Results 2023
+ Provisions & Other L/T Liabilities	0.3	12m Results 2023
+ Net financial debt	3.4	12m Results 2023
- Financial Investments	0.5	12m Results 2023
+/- Others		
Enterprise Value (EV)	12.8	

Appendix 4. Main peers 2024e

		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	12,139.3	3,885.8	262.2	7,769.4		9.7
	Enterprise value (EV)	18,866.7	5,135.9	406.9	8,622.9		12.8
Basic financial information	Total Revenues	12,993.6	4,246.6	391.2	7,425.1		14.9
	Total Revenues growth	-5.6%	1.9%	3.4%	-0.2%	-0.1%	6.1%
	2y CAGR (2024e - 2026e)	2.8%	4.3%	8.1%	7.4%	5.6%	5.5%
	EBITDA	1,831.5	630.5	52.9	1,158.0		2.0
	EBITDA growth	0.3%	5.4%	72.9%	-5.0%	18.4%	19.0%
	2y CAGR (2024e - 2026e)	4.2%	6.0%	-41.4%	16.1%	-3.8%	10.2%
	EBITDA/Revenues	14.1%	14.8%	13.5%	15.6%	14.5%	13.7%
	EBIT	1,448.0	415.4	34.0	728.3		1.5
	EBIT growth	12.2%	16.1%	774.2%	-9.5%	198.3%	25.1%
	2y CAGR (2024e - 2026e)	3.9%	6.0%	-41.4%	23.3%	-2.1%	13.4%
	EBIT/Revenues	11.1%	9.8%	8.7%	9.8%	9.9%	10.2%
	Net Profit	925.6	241.3	16.7	475.6		1.2
	Net Profit growth	-5.7%	17.0%	59.6%	-6.6%	16.1%	37.7%
	2y CAGR (2024e - 2026e)	5.2%	12.0%	-69.4%	26.2%	-6.5%	16.6%
	CAPEX/Sales %	3.9%	6.7%	5.0%	10.3%	6.5%	3.5%
Free Cash Flow	800.3	181.0	12.6	189.8		0.9	
Net financial debt	5,859.2	1,271.8	149.4	1,399.4		2.9	
ND/EBITDA (x)	3.2	2.0	2.8	1.2	2.3	1.4	
Pay-out	74.9%	48.1%	0.0%	63.1%	46.5%	50.0%	
Multiples and Ratios	P/E (x)	13.1	14.5	15.8	16.4	14.9	8.2
	P/BV (x)	3.2	1.9	1.2	1.6	2.0	2.1
	EV/Revenues (x)	1.5	1.2	1.0	1.2	1.2	0.9
	EV/EBITDA (x)	10.3	8.1	7.7	7.4	8.4	6.3
	EV/EBIT (x)	13.0	12.4	12.0	11.8	12.3	8.4
	ROE	24.2	13.0	7.9	9.6	13.7	28.5
	FCF Yield (%)	6.6	4.7	4.8	2.4	4.6	8.9
	DPS	0.47	1.11	0.00	0.68	0.57	0.10
	Dvd Yield	5.6%	3.1%	0.0%	3.9%	3.1%	6.1%

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

Calle Núñez de Balboa, 108 1ª Planta
28006 Madrid
T: +34 915 904 226
institutodeanalistas.com/lighthouse

Alfredo Echevarría Otegui

Head of research

alfredo.echevarria@institutodeanalistas.com

Luis Esteban Arribas, CESGA

Equity research

luis.esteban@institutodeanalistas.com

Enrique Andrés Abad, CFA

Equity research

enrique.andres@institutodeanalistas.com

José Miguel Cabrera van Grieken

Equity research

jose.cabrera@institutodeanalistas.com

Jesús López Gómez, CESGA

ESG Analyst & Data analytics

jesus.lopez@institutodeanalistas.com

All Lighthouse research documents are available simultaneously on the Lighthouse website (institutodeanalistas.com/lighthouse) and via third-party aggregators such as Bloomberg, Factset, Capital IQ and Refinitiv.

IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

IEAF Servicios de Análisis S.L.U. is a Spanish company whose corporate purpose is:

- 1) To provide information and financial analysis regarding securities issued by any class of legal person traded or not on official secondary markets, and especially (but not exclusively) those securities which are not the object of the recurrent provision of information and analysis by financial analysts who participate in the markets.
- 2) To publicise and update the aforementioned financial reports and analysis, in addition to the monitoring and following of the securities on which the information and analysis is provided.
- 3) To prepare studies and projects aimed at proposing and implementing measures to improve the information and financial analysis of securities traded on official secondary markets.

IEAF Servicios de Análisis S.L.U. is a company whose sole shareholder is the Instituto Español de Analistas Financieros, a professional, not for profit association.

DISCLAIMER

The Instituto Español de Analistas Financieros hereby certifies that the analyst of IEAF Servicios de Análisis S.L.U. whose name figures as the author of this report, expresses views that reflect their personal and independent opinion of the company analysed without these implying, either directly or indirectly, a personalised recommendation of the company analysed for purposes of providing investment advice. This report is based on the preparation of detailed financial projections from information available to the public and following traditional fundamental research methodology (i.e. it is not a technical or quantitative analysis report). For the analysis methodology used in the preparation of this report, please contact the analyst directly; contact details are included on the front page of this report.

The report includes basic information regarding the main parameters to be used by an investor when making their own valuation (whether by discounted cash flows or multiples). These parameters are the personal opinion or estimate of the analyst. The person receiving this report should use their own judgement when using these parameters and should consider them as another element in their decision-making process in respect of investment. These parameters do not represent a personalised investment recommendation.

Rules governing confidentiality and conflicts of interest

None of the following rules governing confidentiality and conflicts of interest (12) is applicable to this report:

1. This report is non-independent research as it has been commissioned by the company analysed (issuer).
2. In the last 12 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., has had Investment Banking mandates or has managed or co-managed a public offering of the securities of the issuer, or has received compensation from said issuer for Investment Banking services, that exclude brokerage services for prepaid fees.
3. In the next 6 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., expects to receive or intends to obtain compensation for Investment Banking services provided to this company that exclude brokerage services for prepaid fees.
4. The Investment Analyst or a member of the Research Department or a member of their household has a long position in the shares or derivatives of the corresponding issuer.
5. The Investment Analyst or a member of the Research Department or a member of their household has a short position in the shares or derivatives of the corresponding issuer.
6. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a long position of over 0.5% of the issuer's capital.
7. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a short position of over 0.5% of the issuer's capital.
8. At the end of the month immediately prior to the publication of this report, or of the previous month if the report is published in the ten days following the end of the month, the company analysed (the issuer) or any of its subsidiaries held 5% or more of any class of equity security of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U.
9. A senior director or officer of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., or a member of their department is a director, officer, advisor or member of the Board of Directors of the issuer and/or one of its subsidiaries.
10. The Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., acts as broker for the Issuer for the corresponding prepaid fees.
11. The contents of this report related to the financial analysis, financial projections, valuation, investment summary and opinion of the analyst have been reviewed by the issuer prior to its publication.
12. The issuer has made changes to the contents of this report prior to its distribution.

The Investment Analysts who have prepared this Investment Analysis are employees of IEAF Servicios de Análisis S.L.U. These analysts have received (or will receive) compensation according to the general earnings of IEAF Servicios de Análisis S.L.U. To obtain a copy of the Code of Conduct of IEAF Servicios de Análisis S.L.U. (in respect of the Management of Conflicts of Interest in the research department), please use the e-mail address secretaria@institutodeanalistas.com or consult the contents of this Code at <https://institutodeanalistas.com>.

IEAF Servicios de Análisis S.L.U. is compensated by Bolsas y Mercados Españoles, S.A. for the preparation of this report. This report should be considered as just another element in the taking of investment decisions.

A report issued by IEAF servicios de análisis S.L.U.

All rights reserved. The unauthorised use or distribution of this report is prohibited. This document has been prepared and distributed, according to the provisions of the MiFID II by IEAF Servicios de Análisis S.L.U. Its corporate activity is regulated by the CNMV (the Spanish Securities Exchange Commission). The information and opinions expressed in this document do not represent nor are they intended to represent an offer or a solicitation to buy or sell the securities (in other words, the securities mentioned in this report and related warrants, options, rights or interests). The information and opinions contained in this document are based upon information available to the public and have been obtained from sources believed to be reliable by IEAF Servicios de Análisis S.L.U., but no guarantee is given regarding their accuracy or completeness. All comments and estimates reflect solely the opinion of IEAF Servicios de Análisis S.L.U. and do not offer any implicit or explicit guarantee. All the opinions expressed are subject to change without prior warning. This document does not take into account the specific investment objectives, financial position, risk profile or other specific aspects of the person who receives this document, and accordingly they should exercise their own judgement in this respect. Neither the Instituto Español de Analistas Financieros nor its subsidiary, IEAF Servicios de Análisis S.L.U., assumes any responsibility for direct or

indirect losses arising from the use of the published research, except in the event of negligent conduct by IEAF Servicios de Análisis S.L.U. The information contained in this report is approved for distribution to professional clients, eligible counterparties and professional advisers, but not for distribution to private individuals or retail clients. Its reproduction, distribution or publication for any purpose without the written authorisation of IEAF Servicios de Análisis S.L.U. is prohibited. The Instituto Español de Analistas Financieros and/or its subsidiary IEAF Servicios de Análisis S.L.U., their employees and directors, may hold a position (long or short) in an investment knowing that this issuer will be the object of analysis and that this analysis will be distributed to institutional investors. Any further information regarding the contents of this report will be provided upon request. IEAF Servicios de Análisis S.L.U. intends to publish (at least) one quarterly report or note updating the information on the company analysed.

United States. IEAF Servicios de Análisis S.L.U. is not registered in the United States and, consequently, is not subject to the regulations of that country governing the preparation of research and the independence of analysts. This report is distributed solely to major US institutional investors, in reliance on the exemption from registration provided by Rule 15a-6 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), and interpretations of this made by the US Securities Exchange Commission.

Major US Institutional Investors. This report will be distributed to "major US institutional investors", as defined by Rule 15a-6 of the US Securities Exchange Commission and of the US Securities Exchange Act of 1934.

Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
29-Apr-2024	n.a.	1.61	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
22-Dec-2023	n.a.	1.55	n.a.	n.a.	Initiation of Coverage	Enrique Andrés Abad, CFA

