

**SPONSORED RESEARCH**

# THRACE PLASTICS

## Overcoming challenges, positioned for recovery

**Resilient H1'24, albeit in a challenging setting** – H1'24 results showcased significant volume growth (+9% yoy), with Thrace reverting to positive sales growth (+3.5% yoy) for the first time after 9 consecutive quarters of negative yoy run-rates (which were hampered by high base effects -covid related products- and waning demand). H1 EBITDA grew c2% yoy (to €24.5m), thanks to +5.4% growth in Q1, with the highly competitive environment and tough conditions in the key markets (e.g. Central Europe, UK), especially in the technical fabrics division, eating into the margins (H1'24 EBITDA margin 13.1%, -0.2pps yoy).

**Slightly slower growth in 2024e than envisaged before, but little-changed EBITDA yoy** – Taking into account the demand-supply backdrop, which indicates pricing headwinds, and considering the geopolitical landscape, we have trimmed our 2024e average pricing per unit and gross margins, thus coming up with a c6% downward EBITDA revision (€44m). That said, we expect EBITDA to be flattish yoy, quite respectable performance given the challenges. We see revenues growing c4% yoy, with growth in volumes (+5.6% yoy) being offset by modest price/mix dilution.

**Positive operating leverage to drive c12% growth in 2025-26e** – Looking further out, we believe Thrace remains well positioned to leverage on cost efficiencies and volume growth, while growing the business in a sustainable manner and focusing on gaining market share. We maintain our conservative view on pricing (+1% annually), amid a precarious industrial environment and competitive intensity by large-scale peers, but still anticipate healthy annual volume growth in 2025-26e (c4-5%), thus coming up with 6-7% annual revenue growth. Starting from a lower base in 2024, we see the EBITDA margin now rising to 13.6% and the EBIT margin to 7.2% by 2026e, both up c1pp in the period. This corresponds to c12% annual EBITDA growth in 2025-26e, indicative of the positive operating leverage scope.

**Strong cash flow key to the thesis** – Despite the challenges faced, the group has maintained its healthy balance sheet, while implementing c€30m of investments (based on plans) and having distributed c€7m in dividends in the current year. Overall, Thrace has invested c€150m in the past 5 years, in the context of its growth strategy, while having returned almost €45m to shareholders. Looking ahead we estimate net debt/EBITDA will stay <0.5x thanks to strengthening FCF generation, with our numbers incorporating an average payout of 45% over 2024-26e.

**Valuation** – We recalibrate our model for the aforementioned changes while rolling over our valuation to Oct 2025. We come up with a fair value range between €294m and €392m. Our baseline points to a 12-month intrinsic value of €7.7/share, indicating significant upside vs the current price levels. In spite of short-term headwinds, the medium-term outlook remains positive in our view, and certainly better than the current price discounts. Thrace trades at a 12m fwd EV/EBITDA of <4x, a massive discount vs the peer group average of c8x.

Estimates					
€ mn	2022 *	2023	2024e	2025e	2026e
Revenues	394.4	345.4	359.8	383.4	406.0
EBITDA	48.3	44.0	44.0	49.3	55.3
EBIT	27.4	20.7	18.4	23.4	29.1
Net profit	25.8	17.8	13.8	17.7	21.9
EPS	0.59	0.41	0.32	0.40	0.50
DPS	0.26	0.24	0.21	0.22	0.24

Valuation					
	2022 *	2023	2024e	2025e	2026e
P/E	7.7x	11.0x	11.9x	9.4x	7.5x
Adj. EV/EBITDA	4.3x	4.6x	3.9x	3.5x	2.9x
EBIT/Interest Expense	6.2x	4.4x	5.4x	7.6x	10.5x
Dividend Yield	5.8%	5.4%	5.6%	5.8%	6.4%
ROE	10.1%	6.6%	5.0%	6.2%	7.5%

Source: Eurobank Equities Research.

**Market Cap (€ mn)** €165.1  
**Closing Price (17/10)** €3.78

### Stock Data

Reuters RIC	THRr.AT
Bloomberg Code	PLAT GA
52 Week High (adj.)	€4.60
52 Week Low (adj.)	€3.54
Abs. performance (1m)	-2.5%
Abs. performance (YTD)	-9.9%
Number of shares	43.7mn
Avg Trading Volume (qrt)	€83k
Est. 3yr EPS CAGR	6.5%
Free Float	34%

### Thrace Plastics Share Price



### Analyst

**Natalia Svyriadi**

Research Analyst

☎: +30 210 37 20 257

✉: nsvyriadi@eurobankequities.gr

**Head of Research**

☎: +30 210 37 20 259

**Sales / Trading**

☎: +30 210 37 20 117 / 168 / 110

*This report was prepared and published in consideration of a fee payable by Thrace Plastics.*

*See Appendix for Analyst Certification and important disclosures.*

*\* 2020-22 numbers include significant temporary boost from PPE-related products (of €23m, €52m and €5m in profitability, respectively)*

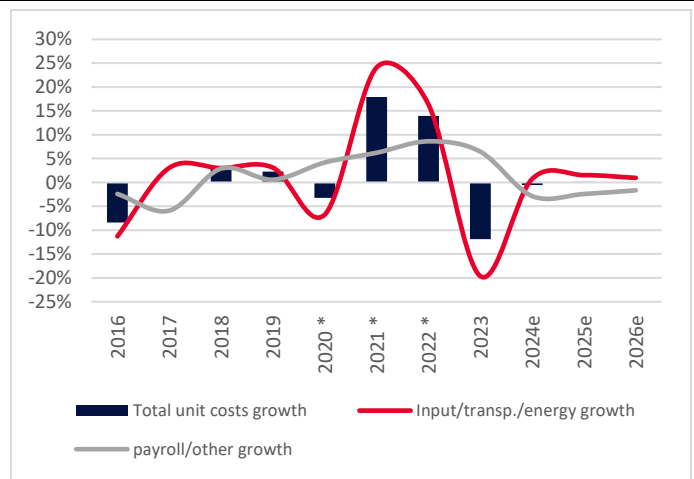
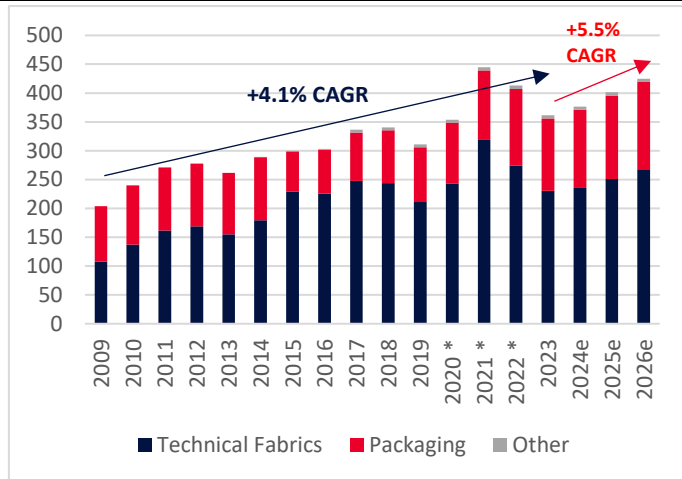
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## Investment thesis in 6 charts

We estimate +5.5% revenue CAGR over 2023-26e

...and unit costs stabilizing

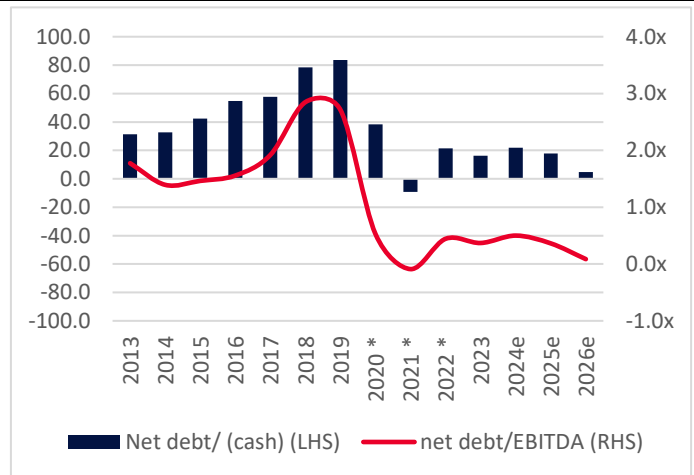
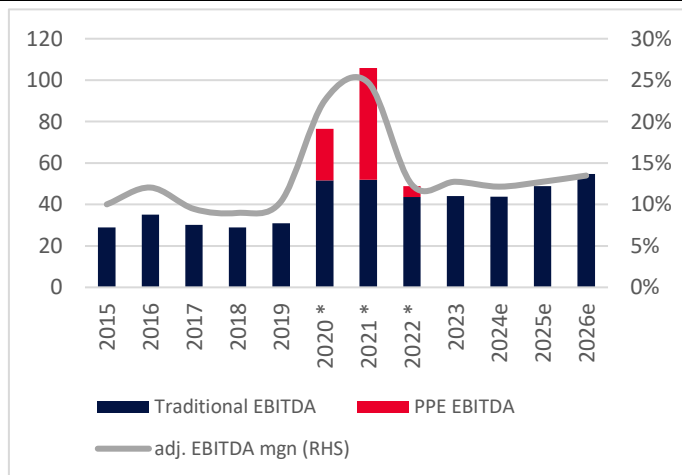


Source: Company, Eurobank Equities Research, Bloomberg

\* 2020-22 numbers include significant temporary boost from PPE-related products (of €23m, €52m and €5m in profitability, respectively)

... leading to slight EBITDA margin enhancement and c8% CAGR through to 2026e, starting from 2025e

Healthy balance sheet sustained and key to investments...

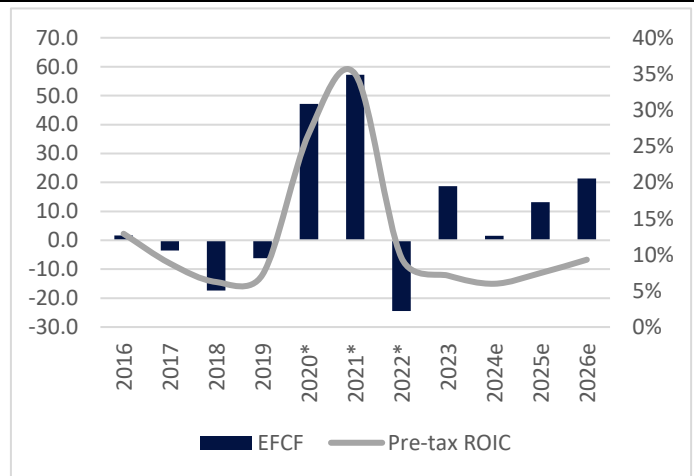
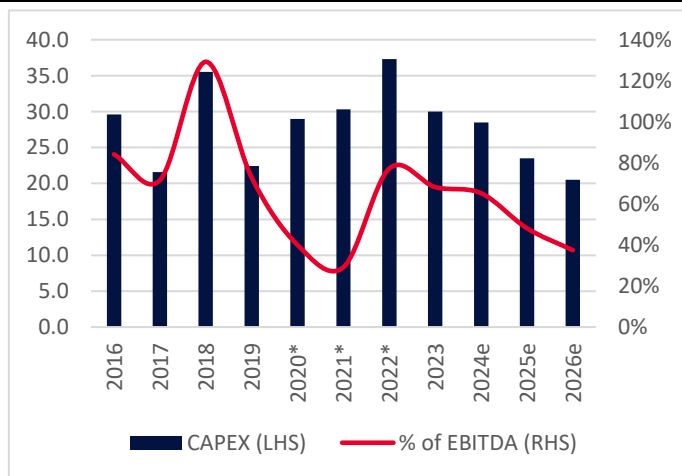


Source: Company, Eurobank Equities Research, Bloomberg

\* 2020-22 numbers include significant temporary boost from PPE-related products (of €23m, €52m and €5m in profitability, respectively)

Capex envelope €20-30m per year looking ahead

Pre-tax ROIC to gradually bounce to a 2-digit figure by 2026e



Source: Company, Eurobank Equities Research, Bloomberg

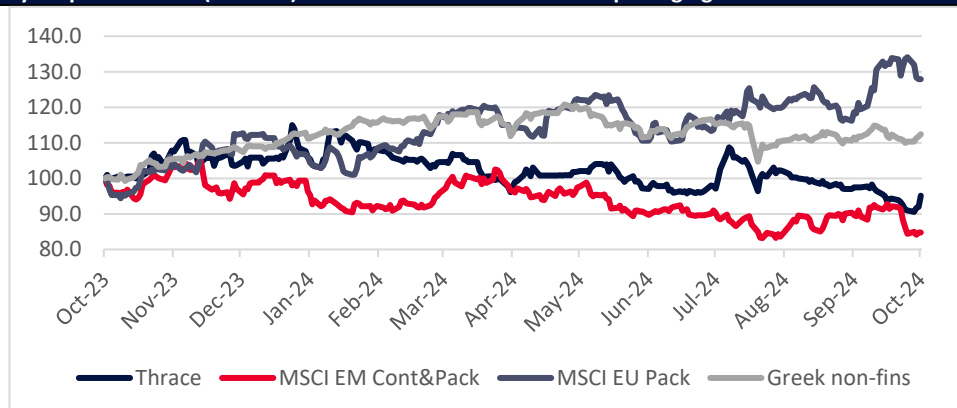
\* 2020-22 numbers include significant temporary boost from PPE-related products (of €23m, €52m and €5m in profitability, respectively)

**Stock performance lagging behind large-scale EU peers, but better to EM; Thrace - 10% YtD**

## Share price performance and valuation

Thrace group shares remain under pressure with the stock down c10% year-to-date, in the light of challenges in end markets and escalating geopolitical tensions. Following a >40% drop in 2022 (post the normalization of operating performance after the temporary covid boost), Thrace stock price gained just 6% in 2023, with the shares now down c5% on a 12m basis. Overall, Thrace has underperformed EU packaging peers and Greek non-financials ytd, fact which can be justified in our view by the challenging market conditions in the technical fabrics market, and especially in the UK and Central Europe. On the flipside, it has fared much better vs the MSCI emerging packaging index throughout most of the past year, thanks to the solid fundamentals when comparing to more regional peers.

**1-year performance (rebased) – Thrace Plastics vs EU and EM packaging & Greek non-financials**



Source: Eurobank Equities Research, Bloomberg.

**Remains at massive discount vs peers on EV/EBITDA**

From a valuation perspective, the historic EV/EBITDA valuation of Thrace’s peers, comprising companies involved in the broad packaging/specialty chemicals sector, has averaged c8x in the last 10 years, which is in broad sync with the current valuation of peers. In comparison, Thrace is currently still trading at a subdued valuation level, namely <4x 1yr fwd EV/EBITDA, a massive discount vs the peer group.

Looking at a broad set of comparable metrics, Thrace Plastics stands out as offering a compelling combination of attractive valuation, strong balance sheet, similar margins vs peers and a superior yield.

**Peer group valuation**

Stock	Mkt Cap	PE		EV/EBITDA		Dividend yield		Net debt /EBITDA 1yr Fwd
		2024e	2025e	2024e	2025e	2024e	2025e	
THRACE PLASTICS (EEe)	165	11.9x	9.4x	3.9x	3.5x	6%	6%	0.4x
HUHTAMAKI OYJ	3,705	14.1x	12.8x	8.3x	7.6x	3%	3%	2.0x
GERRESHEIMER AG	2,965	19.1x	15.8x	9.9x	8.3x	1%	2%	2.6x
GROUPE GUILLIN	538	8.1x	8.3x	4.3x	4.3x	3%	3%	-0.1x
BERRY GLOBAL GRO	7,441	9.2x	8.6x	7.9x	7.6x	2%	2%	3.5x
SUOMINEN OYJ	154		17.8x	9.3x	6.2x	3%	4%	2.6x
DUPONT DE NEMOUR	32,827	22.6x	19.6x	13.5x	12.4x	2%	2%	1.7x
<b>Median</b>		<b>14.1x</b>	<b>14.3x</b>	<b>8.8x</b>	<b>7.6x</b>	<b>2%</b>	<b>3%</b>	<b>2.3x</b>
<b>World Packaging index</b>		<b>17.1x</b>	<b>14.1x</b>	<b>9.5x</b>	<b>8.2x</b>	<b>3%</b>	<b>3%</b>	<b>2.4x</b>

Source: Eurobank Equities Research, Bloomberg.

## DCF-based valuation returns a value ranging between c€294-392m

In our valuation methodology we use a DCF model which generates a 12-month forward baseline fair value of €335m, reflecting the changes in our forecasts (EBITDA trimmed c6%). This translates to a base value of €7.7 per share. Our intrinsic value effectively places the stock at c7x 12mth forward EV/EBITDA (c7% discount below the current valuation of Thrace's peers).

We value the company with a DCF-based valuation predicated on the following assumptions:

- Sales CAGR of c5.5% over the medium term (2023-28e) as we gradually account for growth investments implemented, fading to c4% in the outer years.
- Reported EBIT CAGR of 11% over the midterm, with a 1.8pps margin expansion in the same period, driven by operating leverage.
- A normalized terminal FCF near €33m and a sustainable growth rate of 0.5%, while assuming a reinvestment rate in the high single digits, which looks reasonable given the nature of the business.
- Implied FCF conversion (FCF/EBITDA) in the long term at c46%, a level we consider feasible and consistent with a low-to-mid single digit growth rate incorporated in our numbers post 2026.
- We maintain our 9.5% WACC assumption, which we believe captures the relative risk profile of the business vis-à-vis the rest of our coverage universe while also considering factors such as stock liquidity and the nature of the industry.

A summary of our baseline DCF can be seen below:

Thrace Plastics DCF							
	2025e	2026e	2027e	2028e	2029e	...	2034e
NOPAT	18.2	22.7	25.3	27.6	28.8		
Depreciation	25.9	26.2	26.4	26.7	26.1		
Capex	(23.5)	(20.5)	(19.5)	(19.7)	(20.3)		
Working Capital	(4.3)	(3.8)	(3.9)	(3.3)	(3.3)		
<b>Enterprise cash flow</b>	<b>16.4</b>	<b>24.5</b>	<b>28.3</b>	<b>31.3</b>	<b>31.3</b>	...	<b>32.8</b>
PV	16.4	22.4	23.6	23.8	21.8	...	14.5
PV of terminal value	161.5						
<b>Enterprise Value – end 2024e</b>	<b>355.8</b>						
Net (debt) incl. leases / other claims	(4.8)						
Expected dividend	(9.1)						
<b>Equity value (ex-div)</b>	<b>341.9</b>						
no. of shares	43.7						
<b>1-year fair value (ex-div)</b>	<b>334.9</b>						
<b>12-month indicative value per share</b>	<b>7.7 €</b>						

Source: Eurobank Equities Research

A basic sensitivity on a combination of WACC and terminal growth rates is presented at the table below. As we can see, flexing our WACC and perpetuity growth inputs by 1% and 0.5% respectively yields a fair value range between €294m and €392m.

DCF Sensitivity		Perpetuity growth				
WACC		-0.5%	0.0%	0.5%	1.0%	1.5%
		8.5%	354	365	378	392
9.0%	335	344	355	367	380	
<b>9.5%</b>	318	326	<b>335</b>	345	356	
10.0%	302	309	317	326	335	
10.5%	288	294	301	308	317	

Source: Eurobank Equities Research

## H1'24 saw a recovery in volumes albeit at a 'price' cost

**H1 boosted by growth, despite costs/mix pressures** **volume rising**

Thrace's H1'24 sales grew 3.5% yoy (€186.5m), with packaging +9.4% yoy and technical fabrics improving to -0.7% yoy (from -11% in Q1'24). H1 EBITDA shaped at €24.5m, up by 1.9% yoy and net profit stood at €7.3m (down vs €8.8m a year ago), weighed by higher depreciation and financial costs. Key elements in the H1 of 2024 were the increase in volumes (+9%), declining average selling prices and cost pressures amid elevated competition (-6%pps in the price mix).

**Q2 shows improving picture**

Looking into Q2'24, revenues grew by an impressive 12.7% yoy to reach €98.1m in the quarter driven by a rise in the volumes sold and gaining market share. We saw strong top line growth in both technical fabrics (+11%) and packaging division (+13%) revenues, cycling very low comps in Q2'23. On the cost front, we witnessed sustained pressure in the technical fabrics division, as anticipated, with the EBITDA down by 14% yoy in EBITDA (-2.9pps in the respective margin), and slower Q2 growth in packaging EBITDA (+11% yoy vs +30% in Q1'24), only partly offsetting price/mix pressures and high comparative costs. As such we saw Q2 EBITDA at €12.2m (-1.4% yoy) with the respective margin at 12.5% (-1.8pps).

**Solid operational cash flow**

Cash flow wise, the net debt stood at €25m in the end-June 2024 period, pointing to c€9m outflows vs year end 2023, owing to elevated WC needs (normal for an H1 period) and investments, along with the dividend payment (c€7m) in the period.

Thrace Plastics Q2/H1'24 short overview						
EUR mn	Q2'23	Q2'24	yoy %	H1'23	H1'24	yoy %
Sales	87.1	98.1	12.7%	180.1	186.5	3.5%
EBITDA	12.4	12.2	-1.4%	24.1	24.5	1.9%
EBITDA Margin	14.3%	12.5%	-1.8 pp	13.4%	13.1%	-0.2 pp
EBT	6.8	5.9	-13.3%	12.2	10.9	-11.0%
Net profit	5.0	4.1	-18.3%	8.8	7.3	-17.3%
EUR mn				FY'23	H1'24	
Net Debt / (cash)				16.3	25.3	
Cash inflow/(outflow)					-9.0	

Source: Company, Eurobank Equities Research

**The environment remains challenging**

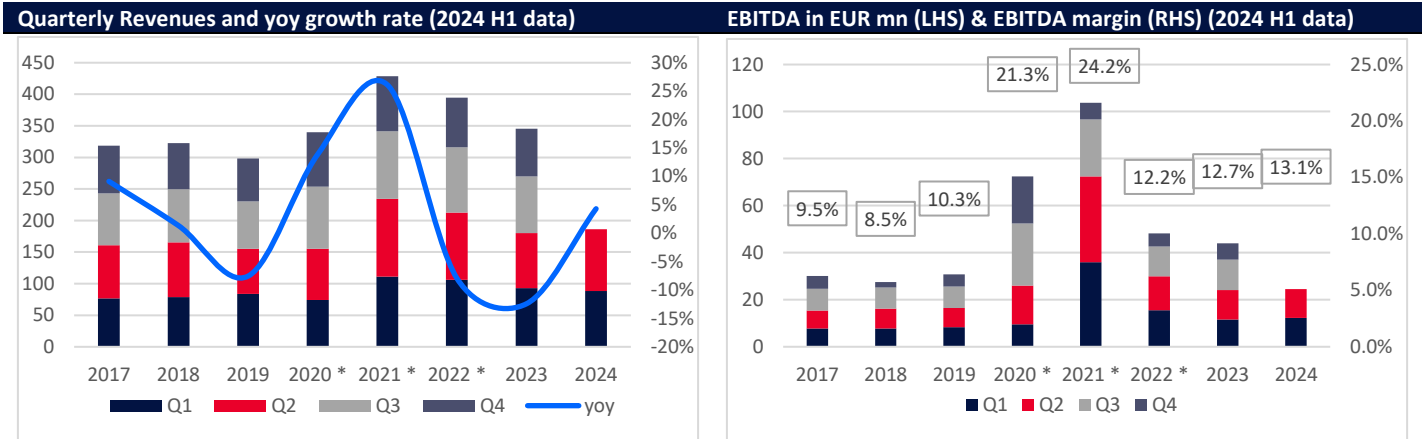
As Thrace Plastics is primarily active in Europe, the tough environment faced in the continent has weighed on demand and driven to a highly competitive settlement. Though volumes have picked up, partly owing to the company's sustainable investment in new lines and technologies, we have witnessed a very precarious backdrop in key markets (UK & Central Europe), which count for more than 50% of group sales (2023 data) and two thirds of the technical fabrics division sales. This along with the fierce price competition and high base vs H1'23, has impacted TF's profitability within H1'24. On the flipside packaging has proven quite resilient aided by good demand trends and decelerating raw material costs, thus underpinning profitability.

Results breakdown by business unit						
	Q2'23	Q2'24	yoy %	H1'23	H1'24	yoy %
<b>Sales (EUR mn)</b>						
Technical Fabrics	57.0	63.4	11.2%	121.7	120.9	-0.7%
Packaging	33.2	37.7	13.3%	64.9	71.0	9.4%
<b>Group</b>	<b>87.1</b>	<b>98.1</b>	<b>12.7%</b>	<b>180.1</b>	<b>186.5</b>	<b>3.5%</b>
<b>EBITDA (EUR mn)</b>						
Technical Fabrics	7.2	6.2	-14.1%	13.9	11.9	-14.2%
Packaging	5.5	6.1	10.9%	10.8	12.9	20.2%
<b>Group EBITDA</b>	<b>12.4</b>	<b>12.2</b>	<b>-1.4%</b>	<b>24.1</b>	<b>24.5</b>	<b>1.9%</b>
<b>EBITDA margins</b>						
Technical Fabrics margin	12.7%	9.8%	-2.9 pp	11.4%	9.8%	-1.6 pp
Packaging margin	16.6%	16.3%	-0.4 pp	16.6%	18.2%	1.6 pp
<b>Group EBITDA margins</b>	<b>14.3%</b>	<b>12.5%</b>	<b>-1.8 pp</b>	<b>13.4%</b>	<b>13.1%</b>	<b>-0.2 pp</b>

Source: Company, Eurobank Equities Research

## Quarterly evolution

It is worth reminding that Thrace generates >50% of revenues in Q2 and Q3, with Q4 being the seasonally softest quarter. Please note that during 2023, Thrace cycled a high base vs 2022 which included c€5m profit from mask products. Looking into the quarterly performance during the current year, we saw Q1'24 sales down by 5% yoy cycling a high base effect (forward weighted order book in 2023, mainly in Q1'23), followed by a +12.7% recovery in Q2'24 revenues. Underlying EBITDA moved higher in Q1 but lagged behind in Q2 as price pressures became more evident.

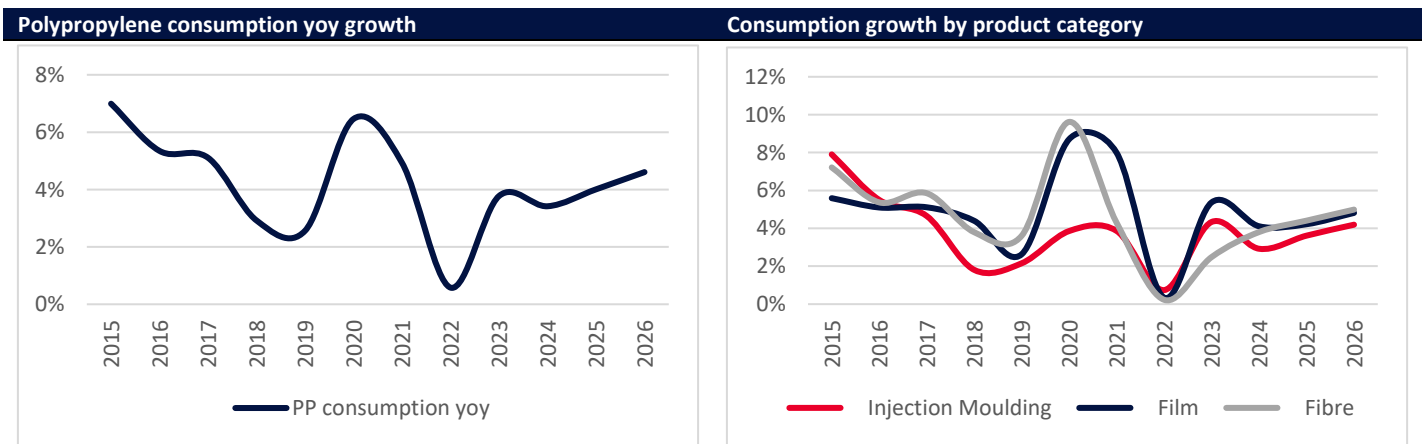


Source: Company, Eurobank Equities Research, Bloomberg  
 \* 2020-22 numbers include significant temporary boost from PPE products

## Market trends

**Slow consumption recovery and strong supply reflected in margin pressures**

Polypropylene is a widely used material with significant advantages and supporting a wide range of applications in packaging (i.e. containers, bags, and films) and textiles (i.e. fibers for carpets, upholstery, medical clothing). Trying to depict market trends we follow the global consumption patterns of polypropylene, as this is Thrace Plastic's main material (c80% of raw materials used). In the charts below, we can see a slight decelerating trend in 2024 growth, which is primarily a result of injection moulding and films products outlook. This is seen accelerating in 2025e and 2026e. Based on the data below, consumption will be growing at compound annual growth rate (CAGR) of around +4% during the period 2024-26e (Bloomberg data).

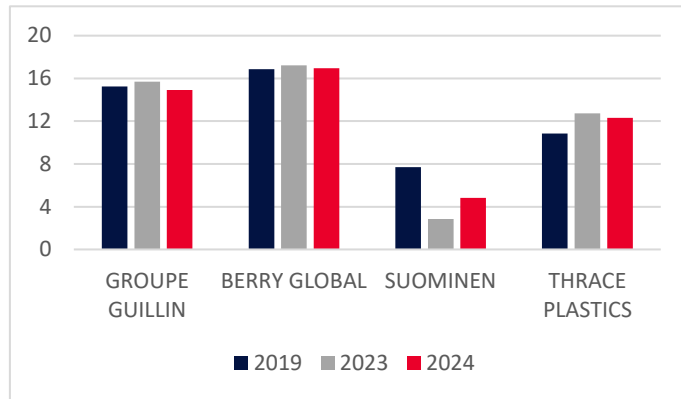


Source: Eurobank Equities Research, Bloomberg

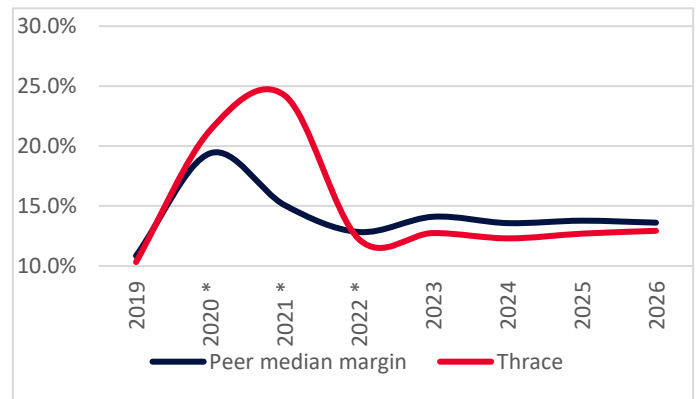
The aforementioned healthy consumption trends have been outpaced by strong supply by all companies in the broad segment of plastic packaging, films and technical fabrics. This has been reflected in slight margin pressures in the current year. This can be viewed in the charts below, where we compare some selected peers EBITDA margins in 2019, 2023 and 2024e and also

showcase the median margin trend, which seems to have normalized and is settling slightly above 2019 levels.

EBITDA margins among key peers 2019 vs 2023 and 2024e



Thrace's vs peers EBITDA margins



Source: Company, Eurobank Equities Research, Bloomberg

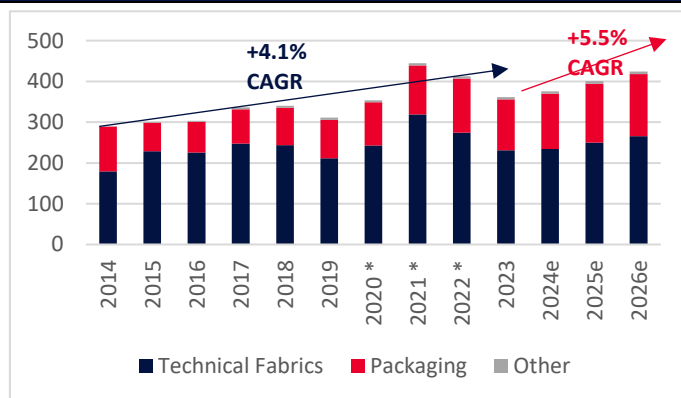
## We fine-tune our forecasts to reflect current trends

**We see a slower sales momentum in 2024, than previously anticipated, but envisage acceleration over 2025-26e**

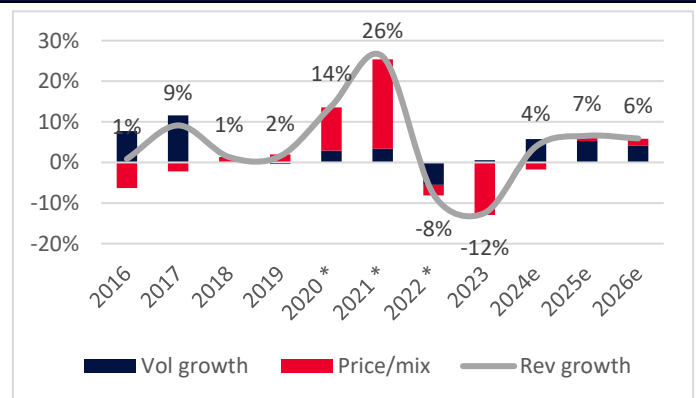
We recalibrate our top line forecasts reflecting the highly competitive environment formed (primarily impacting average prices per unit sold) offset by higher volume forecasts in view of the successful capacity implementations. These changes translate to a 2% drop in our group revenue forecasts. In specific we pencil in c116m units sold 2024 (vs 115.2m previously) albeit at an average price c3% lower than our earlier forecast at €3.1/unit (-1.5% yoy). We thus come up with revenues of €360m in 2024e, up by 4% yoy but some 2% below our earlier estimate. We maintain unchanged our outer year growth assumptions, with volumes increasing by 4.2-5.3% in 2025-26e and pricing rising by 1.2-1.6% in the same period. Our revenue estimates are €283m in 2025e and €406m in 2026e, corresponding to a c5.5% CAGR during the 3-year 2024-26e period.

We showcase below the revenue growth trend and volume/price mix growth components of sales. Of note is that Thrace has grown revenues at >4% CAGR since 2009, with volumes up >3% annually.

Revenues have grown +4 CAGR



Sales growth yoy in volume & price mix



Source: Company, Eurobank Equities Research, Bloomberg

\* 2020-22 numbers include significant temporary boost from PPE products

We believe it might be useful to offer some granularity in the cost structure of the company, noting that production and input costs (namely cost of materials, energy and wages) have accounted for c78% of sales on average in the past years (ranging between 77%-80% of sales, ex the covid boosted 2020-21), while the remaining operating costs (namely transport, repairs & maintenance, and other costs) make up another c15% on average. As a result, group EBIT



margin has been ranging between 3.5% and 7.8% in the past 10 years (except for 2020 and 2021 which included extraordinary gains, and as a result, EBIT margins stood at c16% and c20% respectively). For the high-end of the aforementioned range to be reached, the supply/demand dynamics must be fairly benign.

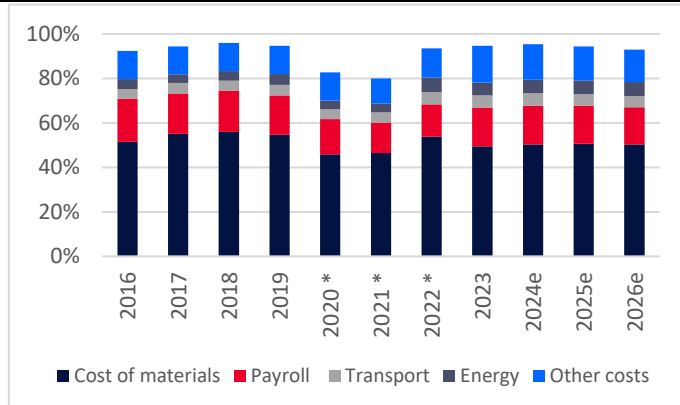
**'Environment'-driven pricing actions strain current year margins**

Taking into consideration the recent trends (pricing and mix), the competitive landscape (esp. in UK and Central Europe) and recent geopolitical escalation, we now model a c95bps drop in the 2024e gross margin (vs flattish anticipated previously) to 21.4%, which we see bouncing back to 21.7% in 2025e and 22.7% in 2026e. Against this background we calculate gross profit of €76.8m in 2024e and €83-92m in 2025-26e, respectively. As regards operating costs, we have not made any changes in our forecasts, still anticipating a slight pick-up in transport costs, primarily driven by geopolitical tensions. As a result, our current year EBITDA forecast lands some 7% lower than our earlier forecast at €43.6m (-0.6% yoy), with the margin down to 12.2% (vs 12.7% seen previously). Accounting for the elevated depreciation figure, given the ongoing investments, we calculate 2024 EBIT of €18.1m, below the €20.7m 2023 figure, while the same stands for our net profit forecast which settles at €13.6m, namely below the 2023 underlying €16.8m figure (excluding one-off gains of c€1m in 2023).

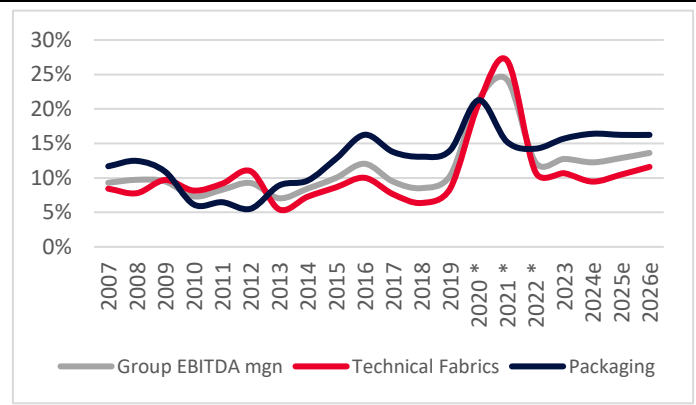
**Positive operating leverage over 2025-26e as growth investments feed into the numbers**

Looking ahead into 2025-26, we continue modeling c12% annual EBITDA growth, with 2026e EBITDA rising to >€50m and the respective margin rising to 13.5%. We see the solid operating profit growth filtering through to the bottom line, envisaging an overall net profit CAGR of 8% over 2023-26e.

Costs breakdown as % of sales



Group EBITDA margin evolution and per segment



Source: Company, Eurobank Equities Research, Bloomberg  
 \* 2020-22 numbers include significant temporary boost from PPE products

**We lower our EBITDA forecasts by c5-6%**

We summarize below the changes in our forecasts:

- 1) We trim our revenue forecasts by -2%, primarily owing to a 3% downgrade in our average pricing forecasts and in specific in the technical fabrics division. As such we now eye 4% yoy growth in 2024e group revenues (€360m). Looking ahead, we maintain our growth assumptions (+4-5% volume growth and +1% pricing), estimating group sales of c€383m and €406m (+6-7% annually) in 2025-26e.
- 2) We factor in our forecasts margin pressure stemming from competitive pricing, despite product mix enhancement, and we come up with a 5-6% downgrade in our 2024-26e EBITDA forecasts.
- 3) As a result of the above we also lower our bottom-line forecasts by c8-9%, mainly owing to the sustained high depreciation costs. We forecast net profit of €14m in 2024e, rising to €18m in 2025e and €22m in 2026e.

**Adjusting by division for stronger packaging unit performance**

Per division, we have lowered our Technical Fabrics (TF) division revenue forecasts by 3%, while we have further assumed a lower EBITDA margin in 2024 (-1.2pps yoy) at 9.4%, set to expand to 11.6% by 2026e. In the packaging division we have maintained our revenue forecasts unchanged, pointing to a 6-9% revenue growth rate, though we have slightly raised our EBITDA margin between 16.2-16.4%. Our TF EBITDA forecasts are set at €22.2m in 2024, €26.2m in

2025e and €30.9m in 2026e (+7.8% CAGR) and our packaging unit EBITDA forecasts settling at €22-25m in 2024-26e (+8.1% CAGR).

Thrace Group New vs. Old forecasts			
	2024e	2025e	2026e
<b>New (EUR mn)</b>			
Sales	360	383	406
EBITDA	44	49	55
Net Income	14	18	22
<b>Old (EUR mn)</b>			
Sales	367	391	414
EBITDA	47	52	58
Net Income	15	19	24
<b>new vs old (%)</b>			
Sales	-2%	-2%	-2%
EBITDA	-6%	-5%	-5%
Net Income	-9%	-8%	-8%

Source: Company, Eurobank Equities Research

Short P&L							
	2020*	2021*	2022 *	2023	2024e	2025e	2026e
<b>Technical Fabrics (EUR m)</b>							
TF Vol sold (m tons)	79.6	80.7	76.1	75.3	78.0	82.0	85.3
growth	3%	1%	-6%	-1%	4%	5%	4%
TF Pricing per unit (EUR)	3.1	3.9	3.6	3.1	3.02	3.06	3.12
growth	12%	29%	-9%	-15%	-2%	1%	2%
<b>TF Sales</b>	<b>243.1</b>	<b>318.9</b>	<b>274.5</b>	<b>230.8</b>	<b>235.2</b>	<b>250.9</b>	<b>266.5</b>
growth	15%	31%	-14%	-16%	2%	7%	6%
<b>TF EBITDA</b>	<b>50.5</b>	<b>86.1</b>	<b>29.7</b>	<b>24.6</b>	<b>22.2</b>	<b>26.2</b>	<b>30.9</b>
margin	20.8%	27.0%	10.8%	10.7%	9.4%	10.5%	11.6%
<b>TF PBT</b>	<b>37.7</b>	<b>72.4</b>	<b>20.1</b>	<b>8.5</b>	<b>6.0</b>	<b>9.8</b>	<b>14.1</b>
<i>o/w PBT attributed to PPE</i>	19.5	49.9	3.0				
<i>o/w underlying PBT</i>	18.2	22.5	17.1	8.5	6.0	9.8	14.1
<b>Packaging Unit (EUR m)</b>							
PU Vol sold (m tons)	36.3	39.4	38.5	40.2	43.8	46.0	47.8
growth	2%	8%	-2%	4%	9%	5%	4%
PU Pricing per unit (EUR)	2.9	3.0	3.44	3.11	3.10	3.15	3.20
growth	9%	5%	13%	-10%	0%	1%	2%
<b>PU Sales</b>	<b>105.7</b>	<b>120.0</b>	<b>132.7</b>	<b>125.2</b>	<b>135.9</b>	<b>144.8</b>	<b>152.9</b>
growth	11%	14%	11%	-6%	9%	7%	6%
<b>PU EBITDA</b>	<b>22.5</b>	<b>18.3</b>	<b>18.9</b>	<b>19.7</b>	<b>22.3</b>	<b>23.5</b>	<b>24.8</b>
margin	21.3%	15.2%	14.2%	15.7%	16.4%	16.2%	16.2%
<b>PU PBT</b>	<b>15.3</b>	<b>12.1</b>	<b>12.2</b>	<b>12.3</b>	<b>12.2</b>	<b>13.5</b>	<b>14.7</b>
<i>o/w PBT attributed to PPE</i>	3.2	1.9	2.3				
<i>o/w underlying PBT</i>	12.1	10.2	9.9	12.3	12.2	13.5	14.7
<b>GROUP (EUR m)</b>							
Vol sold (m tons)	111.8	115.5	109.2	109.8	116.0	122.2	127.3
growth	3%	3%	-5%	0.5%	6%	5%	4%
Pricing per unit (EUR)	3.04	3.71	3.61	3.15	3.10	3.14	3.19
growth	11%	22%	-2.6%	-12.9%	-1.5%	1.2%	1.6%
<b>Group Sales</b>	<b>339.7</b>	<b>428.4</b>	<b>394.4</b>	<b>345.4</b>	<b>359.8</b>	<b>383.4</b>	<b>406.0</b>
Sales growth	14%	26%	-8%	-12%	4%	7%	6%
<b>Group Gross Profit</b>	<b>106.0</b>	<b>140.1</b>	<b>84.3</b>	<b>77.1</b>	<b>77.1</b>	<b>83.7</b>	<b>92.8</b>
margin	31.2%	32.7%	21.4%	22.3%	21.4%	21.8%	22.9%
<b>Group EBITDA</b>	<b>72.5</b>	<b>103.8</b>	<b>48.3</b>	<b>44.0</b>	<b>44.0</b>	<b>49.3</b>	<b>55.3</b>
margin	21.3%	24.2%	12.2%	12.7%	12.2%	12.9%	13.6%
<b>Group PBT</b>	<b>52.1</b>	<b>83.9</b>	<b>32.1</b>	<b>21.3</b>	<b>18.4</b>	<b>23.3</b>	<b>28.8</b>
<i>o/w PBT attributed to PPE</i>	22.7	51.8	5.3				
<i>o/w one-offs</i>	0.0	0.0	4.6	1.1	0.0	0.0	0.0
<i>o/w underlying PBT</i>	29.4	32.1	22.2	20.2	18.4	23.3	28.8
<b>Group Net Income</b>	<b>40.7</b>	<b>65.4</b>	<b>25.8</b>	<b>17.8</b>	<b>13.8</b>	<b>17.7</b>	<b>21.9</b>
<b>EPS (EUR)</b>	<b>0.93</b>	<b>1.50</b>	<b>0.59</b>	<b>0.41</b>	<b>0.32</b>	<b>0.40</b>	<b>0.50</b>
<b>DPS (EUR)</b>	<b>0.22</b>	<b>0.27</b>	<b>0.26</b>	<b>0.24</b>	<b>0.21</b>	<b>0.22</b>	<b>0.24</b>

Source: The Company, Eurobank Equities Research  
\* 2020-22 numbers include significant temporary boost from PPE products

## Group Financial Statements

Thrace Plastics Group (in EUR mn)					
Group P&L	2022 *	2023	2024e	2025e	2026e
<b>Sales</b>	<b>394.4</b>	<b>345.4</b>	<b>359.8</b>	<b>383.4</b>	<b>406.0</b>
Gross Profit	84.3	77.1	77.1	83.7	92.8
<b>EBITDA</b>	<b>48.3</b>	<b>44.0</b>	<b>44.0</b>	<b>49.3</b>	<b>55.3</b>
change	-53.5%	-8.8%	-0.1%	12.1%	12.1%
EBITDA margin	12.2%	12.7%	12.2%	12.9%	13.6%
<b>EBIT</b>	<b>27.4</b>	<b>20.7</b>	<b>18.4</b>	<b>23.4</b>	<b>29.1</b>
Financial income (expense)	-2.4	-1.7	-2.8	-2.6	-2.6
Exceptionals / other income	7.1	2.3	2.8	2.5	2.3
<b>PBT</b>	<b>32.1</b>	<b>21.3</b>	<b>18.4</b>	<b>23.3</b>	<b>28.8</b>
Income tax	-5.8	-3.0	-4.1	-5.1	-6.3
Non-controlling interest	-0.5	-0.6	-0.6	-0.5	-0.5
<b>Net profit</b>	<b>25.8</b>	<b>17.8</b>	<b>13.8</b>	<b>17.7</b>	<b>21.9</b>
<b>EPS (EUR)</b>	<b>0.59</b>	<b>0.41</b>	<b>0.32</b>	<b>0.40</b>	<b>0.50</b>
<b>DPS (EUR)</b>	<b>0.26</b>	<b>0.24</b>	<b>0.21</b>	<b>0.22</b>	<b>0.24</b>
Group Cash Flow Statement					
EBITDA	48.3	44.0	44.0	49.3	55.3
Change in Working Capital	-26.4	7.8	-6.6	-4.3	-3.8
Net interest	-1.8	-2.5	-2.0	-1.8	-1.8
Tax	-9.2	-2.9	-4.1	-5.1	-6.3
Other	2.2	0.7	0.0	0.0	0.0
<b>Operating Cash Flow</b>	<b>13.0</b>	<b>47.1</b>	<b>31.3</b>	<b>38.1</b>	<b>43.3</b>
Capex	-37.9	-30.0	-28.5	-23.5	-20.5
Other investing	1.3	2.9	0.0	0.0	0.0
<b>Net Investing Cash Flow</b>	<b>-36.5</b>	<b>-27.1</b>	<b>-28.5</b>	<b>-23.5</b>	<b>-20.5</b>
Dividends	-7.1	-14.4	-7.3	-9.1	-9.4
Other (incl. payment of lease liab.)	-0.1	-0.4	-1.0	-1.1	-0.1
<b>Net Debt (cash) (incl. leases)</b>	<b>21.5</b>	<b>16.3</b>	<b>21.7</b>	<b>17.3</b>	<b>4.0</b>
<b>Free Cash Flow (adj.)</b>	<b>-24.4</b>	<b>18.8</b>	<b>1.7</b>	<b>13.5</b>	<b>21.8</b>
Group Balance Sheet					
Tangible Assets	169.2	177.7	180.3	177.9	171.3
Intangible Assets & Goodwill	10.5	10.4	10.7	11.0	11.2
Other non-current Assets	30.1	33.6	36.7	39.4	41.7
<b>Non-current Assets</b>	<b>209.8</b>	<b>221.7</b>	<b>227.7</b>	<b>228.2</b>	<b>224.2</b>
Inventories	76.4	72.0	75.6	79.7	83.6
Trade Receivables	64.8	62.2	68.4	72.1	75.6
Other receivables	14.2	9.3	13.6	14.5	15.4
Cash & Equivalents	39.6	41.1	36.0	38.7	41.0
<b>Current Assets</b>	<b>195.0</b>	<b>184.5</b>	<b>193.6</b>	<b>205.1</b>	<b>215.6</b>
<b>Total Assets</b>	<b>404.8</b>	<b>406.3</b>	<b>421.3</b>	<b>433.4</b>	<b>439.8</b>
Shareholder funds	263.7	272.7	279.2	287.8	300.2
Non-controlling interest	4.1	4.4	5.0	5.5	6.0
<b>Total Equity</b>	<b>267.9</b>	<b>277.1</b>	<b>284.2</b>	<b>293.3</b>	<b>306.3</b>
Long-term debt	31.6	27.8	31.3	30.7	30.1
Other long-term liabilities	12.7	12.0	12.0	12.1	12.1
<b>Long Term Liabilities</b>	<b>44.3</b>	<b>39.8</b>	<b>43.3</b>	<b>42.8</b>	<b>42.2</b>
Short-term debt	27.0	26.6	23.4	22.4	12.1
Trade Payables	40.6	38.5	44.6	47.5	50.3
Other current liabilities	25.0	24.4	25.7	27.3	28.9
<b>Current Liabilities</b>	<b>92.6</b>	<b>89.4</b>	<b>93.8</b>	<b>97.3</b>	<b>91.3</b>
<b>Equity &amp; Liabilities</b>	<b>404.8</b>	<b>406.3</b>	<b>421.3</b>	<b>433.4</b>	<b>439.8</b>
Key Financial Ratios					
P/E	7.7x	11.0x	11.9x	9.4x	7.5x
P/BV	0.7x	0.7x	0.6x	0.6x	0.5x
Adj. EV/EBITDA	4.3x	4.6x	3.9x	3.5x	2.9x
EBIT/Interest expense	6.2x	4.4x	5.4x	7.6x	10.5x
Net Debt (cash)/EBITDA	0.4x	0.4x	0.5x	0.4x	0.1x
Dividend Yield	5.8%	5.4%	5.6%	5.8%	6.4%
ROE	10.1%	6.6%	5.0%	6.2%	7.5%
Free Cash Flow yield	-12.4%	9.6%	1.0%	8.2%	13.2%
Payout Ratio	63.9%	60.9%	55.0%	45.0%	40.5%

Source: Eurobank Equities Research

## Company description

Thrace Plastics is engaged in the production and trade of Plastics products such as Technical Fabrics and Packaging materials, recently also adding paper products to its portfolio, and to a lower extent in Hydroponic agriculture, with facilities in 9 countries and a broad sales network to over 80 countries. The group produces 28 different technologies, with applications in 25 diverse market segments.

## Risks and sensitivities

•**Macro:** Given its high exposure to EU and UK (c90% of sales), it is dependent on the European macro environment. As such any significant strengthening/weakening of demand in some of the main markets or significant share gains/losses pose upside/downside risks to our thesis.

•**Raw material costs:** Input costs (mainly polypropylene-PP) account for c46% of total costs. Thrace Plastic's profitability is dependent upon its pricing power.

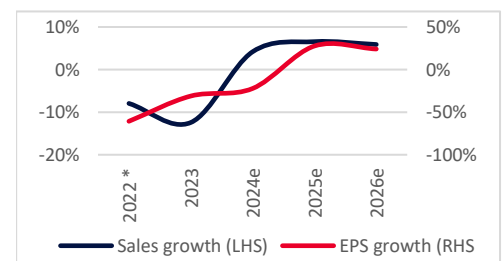
•**Working capital risk:** Raw material cost volatility could affect inventories' value.

•**Sector risk:** Thrace Plastic's competes against multinationals and local brands. Competitive activity particularly in the packaging sector may be intense as participants strive to gain market share, thereby putting pressure on margins.

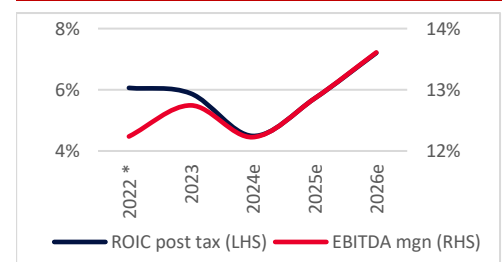
•**Price/mix:** stronger/weaker price/mix than assumed in our model would result in stronger/weaker sales growth.

•**Sensitivity:** We estimate that flexing our volume assumption by 1% would result in a c1-3% in 2024-25e group EBITDA. Similarly, were we to change our price/mix assumption by 1%, the impact on group EBITDA would be c6%. Finally, for a 1% increase in raw materials unit costs, our EBITDA forecast drops by c4% in 2024-25e.

## Sales and EPS growth



## Profitability and returns



\* 2020-22 numbers include significant temporary boost from PPE products (of €23m, €52m and €5m in profitability, respectively)

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This report has been submitted to Thrace Plastics for review prior to its publication. Some changes have been made by Eurobank Equities S.A. to this report as a result of the review from Thrace Plastics.

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## Analyst Certification:

This report has been written by Natalia Svyriadi (Equity Analyst).

## Analyst Compensation:

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Natalia Svyriadi did not receive or purchase the shares of Thrace Plastics prior to a public offering of such shares.

Natalia Svyriadi does not have a significant financial interest in one or more of the financial instruments which are the subject of this report or a significant conflict of interest with respect to the subject companies mentioned in this report a) that are accessible or reasonably expected to be accessible to the persons involved in the preparation of this report or b) known to persons who, although not involved in the preparation of this report, had or could reasonably be expected to have access to this report prior to its dissemination to customers or the public.

## Planned Frequency of Updates:

Eurobank Equities Investment Firm S.A. provides updates on Thrace Plastics based on the terms of the agreement between the two parties and at least but not limited to bi-annually after the publication of financial statements of Thrace Plastics.

## 12-month Rating History of Thrace Plastics

Date	Rating	Stock price	Target price
18/10/2024	Not Rated	€3.78	-
28/05/2024	Not Rated	€4.13	-
22/01/2024	Not Rated	€4.11	-
06/11/2023	Not Rated	€4.01	-

## Eurobank Equities Investment Firm S.A. Rating System:

Stock Ratings	Coverage Universe		Investment Banking Clients		Other Material Investment Services Clients (MISC) – as of 15th Jul 2024	
	Count	Total	Count	Total	Count	Total
Buy	24	69%	3	13%	10	40%
Hold	3	9%	0	0%	1	33%
Sell	0	0%	0	0%	0	0%
Restricted	1	3%	0	0%	1	100%
Under Review	2	6%	1	50%	2	100%
Not Rated	5	14%	2	40%	2	40%
<b>Total</b>	<b>35</b>	<b>100%</b>				

Coverage Universe: A summary of historic ratings for our coverage universe in the last 12 months is available [here](#).

## Analyst Stock Ratings:

Buy:	Based on a current 12-month view of total shareholder return (percentage change in share price to projected target price plus projected dividend yield), we recommend that investors buy the stock.
Hold:	We adopt a neutral view on the stock 12-months out and, on this time horizon, do not recommend either Buy or Sell.
Sell:	Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock.
Restricted:	Under Eurobank Group policy and / or regulations which do not allow ratings
Under Review:	Our estimates, target price and recommendation are currently under review
Not Rated:	Refers to Sponsored Research reports