Thrace Plastics

Initiation Report

November 6th, 2024

We initiate coverage of Thrace Plastics with an **Outperform** recommendation, based on **a 12-month target price of €7.2** derived through a blended approach using DCF (70%) and EV/EBITDA (30%) multiples.

Business Summary: Thrace Group is a well-established entity in the technical fabrics and packaging solutions, with operations spanning key global regions. The company leverages its strong manufacturing capabilities to deliver materials across diverse industries, including agriculture, construction, civil infrastructure, and consumer goods.

Investment Case Highlights:

/// Resilient business model supported by diversified product offering

Thrace's diverse product portfolio, spanning technical fabrics and packaging, enhances revenue stability. The packaging division, with strong demand from less cyclical sectors like food, reduces the company's exposure to economic fluctuations. Additionally, the group's geographically diverse sales across North America, Europe, and the UK reduce reliance on any single market.

/// Financial strength and operational efficiency driving profitability

The company has demonstrated a constant improvement in terms of financial performance over the years, with its revenues steadily increasing and its conversion costs decreasing as the group has strategically invested in significant capital expenditures over the past years. This trend is expected to continue, with sales projected to grow at a 5-year CAGR of 4.5%, alongside an increase in EBITDA margins, supported by reduced conversion costs and a focus on higher margin products. Additionally, Thrace exhibits strong free cash flow generation (5Y-avg FCF Yld 12.1%), and a healthy dividend yield exceeding 6% in the coming years. Additionally, the company maintains a solid financial position, characterized by low levels of debt.

/// Sustainability at the core of long-term growth strategy

The rising global emphasis on sustainability and environmental responsibility is shaping new industry standards, particularly in Europe, where regulatory frameworks are becoming more stringent. Thrace is well-positioned to benefit from this trend, with its robust commitment to sustainability and recycling initiatives.

/// Attractive valuation with upside potential

We value Thrace Plastics using a combination of DCF and EV/EBITDA multiples. Our DCF generates a target price of €7.46 per share, while on our EV/EBITDA valuation we assign a multiple of 6.0x, generating a target price of €6.55 per share. The combination generates a target price of €7.2 per share implying a total return of 96% from current levels.

(€ mn)	2023A	2024E	2025E	2026E	2027E	2028E
Revenue	345.4	353.5	368.7	383.8	396.3	411.3
EBITDA	44.0	43.8	47.4	51.2	53.3	58.1
EBIT	20.7	20.5	23.2	26.1	27.3	31.1
Net Profit	18.3	15.9	18.1	20.5	21.6	24.7
EPS	0.413	0.355	0.408	0.463	0.488	0.560
EV/EBITDA	4.1x	4.2x	3.7x	3.2x	2.9x	2.5x
P/E	8.8x	10.2x	8.9x	7.9x	7.5x	6.5x
FCF Yield	10.3%	5.6%	11.1%	13.3%	14.9%	15.5%
Dividend Yield	6.4%	5.5%	6.3%	6.8%	7.2%	7.2%

Source: Company, Piraeus Securities Estimates

Rating:	**Outperform**
Target Price	**€7.20**
Last Closing Price (05/11):	**€3.67**
Expected Total Return	**+96.2%**

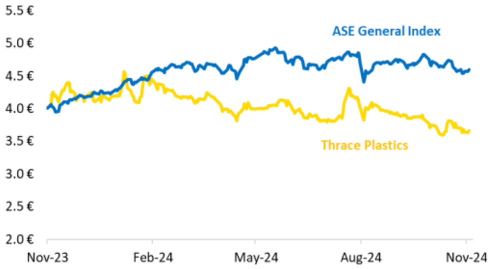
Company data	
Bloomberg	PLAT GA
Market Cap. (€ mn)	160.3
Shares Outstanding (mn)	43.7
Free float	34%
Average daily volume	20,902

Stock Price Performance

1M	6M	1Y	YTD
-2.1%	-8.5%	-8.5%	-12.5%

Relative Performance vs ASE

1M	6M	1Y	YTD
0.5%	-8.5%	-20.3%	-19.2%



Prices rebased to 03/11/2023 Thrace price

George Vrekos | Research Analyst
+30 210 3354067
vrekosg@piraeus-sec.gr

Vassilis Roumantzis | Research Analyst
+30 210 3354057
vroumantzis@piraeus-sec.gr

Financial Summary and Valuation Metrics

	'23A	'24E	'25E
Income Statement			
Turnover	345.4	353.5	368.7
Gross Profit	77.1	84.1	90.6
EBITDA	44.0	43.8	47.4
EBIT	20.7	20.5	23.2
EBT	21.3	20.2	23.0
EAT	18.3	15.9	18.1

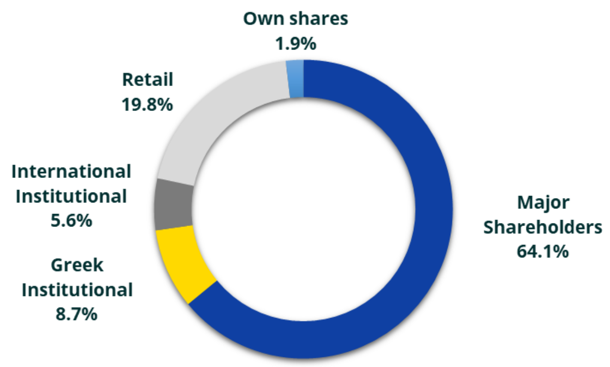
	'23A	'24E	'25E
Valuation KPIs & Metrics			
FCF	16.5	8.9	17.7
EV/Sales	0.5x	0.5x	0.5x
EV/EBITDA (x)	4.1x	4.2x	3.7x
P/E (x)	8.8x	10.2x	9.0x
Dividend Yield	6.4%	5.5%	6.3%
FCF Yield	10.3%	5.6%	11.1%

	'23A	'24E	'25E
Statement of Financial Position			
Non-current Assets	221.7	229.8	228.1
Current Assets	184.5	186.8	198.5
Total Assets	**406.3**	**416.6**	**426.5**
Non-current Liabilities	39.8	41.4	42.6
Current Liabilities	89.4	94.9	93.8
Total Liabilities	**129.2**	**136.3**	**136.4**
Total Equity	**277.1**	**280.3**	**290.2**
Cash	41.1	43.4	50.2
Debt (exc. leases)	57.4	62.6	61.4
Net debt/(Cash)	16.3	19.3	11.2

	'23A	'24E	'25E
Statement of Cash Flows			
EBITDA	44.0	43.8	47.4
Non-cash adjustments	(5.2)	(7.0)	(7.5)
Change in WC	7.8	1.9	(3.6)
CFO	46.6	38.6	36.3
CAPEX	(30.0)	(30.1)	(21.2)
Other	3.4	1.8	1.8
CFI	(26.7)	(28.3)	(19.4)
Dividends paid	(14.4)	(13.3)	(8.9)
Other	(4.5)	5.3	(1.2)
CFF	(18.9)	(8.0)	(10.1)
Change in Cash	1.0	2.3	6.8

	'23A	'24E	'25E
Growth, Ratios & Margins			
Turnover y/y	(12.4%)	2.4%	4.3%
EBITDA y/y	(8.8%)	(0.6%)	8.4%
EAT y/y	(30.1%)	(13.4%)	14.2%
Gross margin	22.3%	23.8%	24.6%
EBITDA margin	12.7%	12.4%	12.9%
Net margin	5.3%	4.5%	4.9%
EPS	0.413	0.356	0.405
DPS	0.23	0.20	0.23
Payout	58%	58%	58%

Shareholding Structure



Source: Company Data, Piraeus Securities

Valuation Methods

Investment Case

Thrace Plastics Group, headquartered in Xanthi, Greece, is a well-established player in the production of technical fabrics and packaging solutions. With operations spanning Europe, United Kingdom and North America, the company has a well-established global footprint, enabling it to serve a diversified customer base across multiple industries such as agriculture, construction, infrastructure. The group’s business is structured into two primary segments: Technical Fabrics and Packaging, allowing the company to leverage its expertise across different markets and mitigate industry-specific risks. The company also owns hydroponic greenhouses through its subsidiary Thrace Greenhouses. We recommend an Outperform rating for Thrace Group, driven by the following factors:

/// Resilient Business Model Supported by Diversified Product Offering

Thrace Group's diversification into packaging solutions, alongside its technical fabrics segment, provides stability and balances its overall revenue structure. The packaging division has an increasing demand base, particularly in the food and beverage, which is less cyclical than the construction and industrial markets. Additionally, the company’s exposure to multiple industries helps it navigate economic downturns and protects against fluctuations in demand for specific products or regions. Moreover, Thrace’s geographic diversification reduces reliance on any single market. Thrace's global production network allows it to be flexible in responding to shifts in regional demand and currency fluctuations.

/// Financial Strength and Operational Efficiency Driving Profitability

Thrace Group has demonstrated a consistent improvement in its financial performance, with EBITDA margins increasing steadily over the years. This growth is a testament to the company’s focus on operational efficiency, cost control, and strategic investments. Management has implemented various initiatives to enhance production processes, optimize the supply chain, and reduce waste, all of which have contributed to margin expansion. This trend is expected to continue as the company leverages economies of scale, and continues to focus on high-margin, value-added products.

Additionally, Thrace’s disciplined capital allocation strategy and low leverage have enabled it to maintain financial flexibility while funding growth initiatives. The company's increasing free cash flow generation provides confidence in its ability to invest in future growth opportunities and reward shareholders, even amid fluctuating macroeconomic conditions.

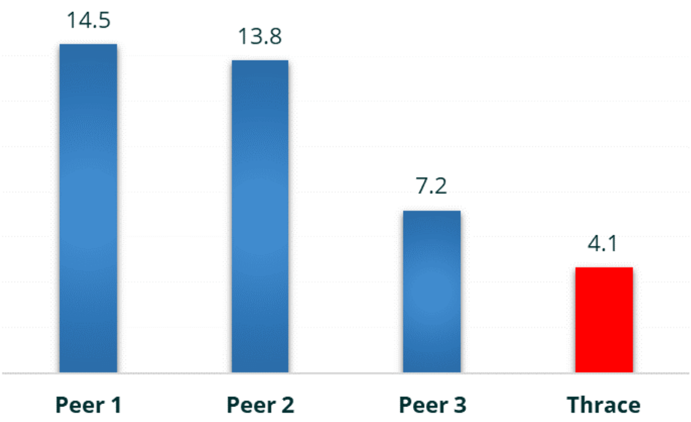
/// Sustainability at the Core of Long-term Growth Strategy

The rising global emphasis on sustainability and environmental responsibility is shaping new industry standards, particularly in Europe, where regulatory frameworks are becoming more stringent. Thrace is well-positioned to benefit from this trend, with its robust commitment to sustainability and recycling initiatives. The company has developed innovative products, such as recyclable packaging materials, which align with the evolving needs of eco-conscious customers and regulatory bodies.

/// Attractive Valuation with Upside Potential

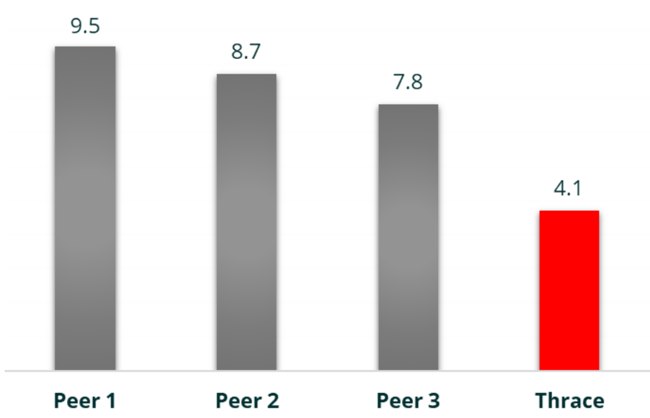
Thrace Group is currently trading at a discount to its peers in the technical fabrics and packaging sectors, as reflected in its lower EV/EBITDA multiple. This discount is unwarranted given the company’s strong fundamentals and market position. As the market recognizes Thrace’s ability to capture growth opportunities in both technical fabrics and packaging and capitalize on the sustainability trend, we expect a re-rating of the stock.

EV/EBITDA 2023 Technical Fabrics



Source: FactSet, Piraeus Securities

EV/EBITDA2023 Packaging



Source: FactSet, Piraeus Securities

Key Risks

/// Raw Material Price Volatility

Thrace relies heavily on raw materials such as polypropylene (represents c45% of the cost of sales), whose prices can be volatile and influence the company's input costs. While the company has demonstrated the ability to pass on some of these costs to customers, prolonged periods of high raw material prices could squeeze margins. For this reason, the company accordingly adjusts, to the extent it is feasible, its inventory policy as well as its commercial policy in general. Therefore, in any case, the particular risk is deemed as relatively controlled.

/// Macroeconomic and Currency Risks

As a globally diversified company, Thrace is exposed to macroeconomic risks in key regions, including Europe , United Kingdom, and North America. A slowdown in economic activity, particularly in sectors such as construction, could negatively impact demand. Additionally, currency fluctuations could affect reported earnings.

/// Energy Costs

One significant risk facing Thrace Plastics Group is the potential impact of rising energy costs, as the company is not fully hedged against these fluctuations. Given its reliance on a global supply chain and regional distribution networks, any sharp increase in fuel prices could negatively affect operating margins. Additionally, Thrace's production facilities, particularly in Greece and Southeastern Europe, are exposed to volatile energy markets. The lack of hedging mechanisms leaves the company vulnerable to rising energy costs, which can erode profitability, especially during periods of high energy demand or geopolitical tensions that lead to price spikes.

/// Interest Rate Risk

Thrace Group typically finances its operations through loans linked to Euribor plus a spread, which exposes the company to fluctuations in interest rates. However, we anticipate that the European Central Bank will implement interest rate cuts in the near term, potentially leading to a reduction in financial expenses.

Valuation

We value Thrace Group using a combination of DCF (70%) and EV/EBITDA (30%) multiples. Along with our DCF model we provide a sensitivity table on a combination of long-term growth rate and WACC and a scenario analysis which highlights how variations in key factors such as sales growth, EBIT margins, selling volumes, and conversion costs can impact Thrace Plastics' financial outcomes. Each scenario presents a different perspective on the company's ability to manage profitability and operational efficiency, providing a comprehensive view of potential future valuations. **Our forecasts yield a 12-month equity value of €314.5mn (€7.2 per share), implying an 96.2% upside.**

DCF Model

For our Discounted Cash Flow (DCF) model, we have projected sales to grow at a 5-year CAGR of c4.5%. We have applied an average EBIT margin of 7.0%, which reflects the group's operational efficiency and its ability to lower conversion costs amid industry fluctuations.

In calculating the cost of equity, we utilized a 5Y beta of 1.2, factored in a risk-free rate of 3.5%, an equity risk premium of 5.5%, and a cost of debt of 5.0%, resulting in a weighted average cost of capital (WACC) of 9.1%.

Our DCF model yields an equity value of €326.4mn (€7.46 per share), indicating a 105% upside.

DCF MODEL (€mn)	2025E	2026E	2027E	2028E	2029E	Terminal Value
NOPAT	18.3	20.5	21.5	24.5	27.8	
Depreciation & Amortization	24.2	25.1	26.0	27.0	27.6	
CAPEX	(21.2)	(20.6)	(19.9)	(20.7)	(20.0)	
Change in working capital	(3.6)	(3.8)	(3.8)	(6.1)	(5.6)	
FCFF	**17.7**	**21.2**	**23.8**	**24.6**	**29.8**	**371.1**
Present Value	16.2	17.8	18.3	17.4	19.3	240.0
WACC	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%

DCF results	
PV of FCFFs	89.0
PV of terminal value	240.0
Other assets	21.7
Enterprise Value	350.6
- Net Debt	-19.3
- Minorities	-5.0
Equity Value	326.4
Shares outstanding (mn)	43.7
Equity Value / share	**7.46**
Current price per share	**3.67**
Upside / (Downside)	**103.6%**

DCF average growth and earnings assumptions	
Revenue CAGR (2024-2029)	4.5%
Average operating margin	7.0%
Long-term growth rate	1.0%

WACC Assumptions	
Cost of borrowing	5.0%
Equity beta	1.2
Debt / Equity	0.2
Risk-free rate	3.5%
Equity risk premium	5.5%

Source: Company Data, Piraeus Securities

We also present below a sensitivity table on a combination of perpetuity rate and WACC. As illustrated, our sensitivity tests for +/-0.1% WACC and +/- 0.5% long term growth. The DCF sensitivity table yields a **share price range of €6.50 – €8.55.**

Sensitivity Analysis DCF

	0.0%	0.5%	1.0%	1.5%	2.0%
9.3%	€6.50	€6.78	€7.08	€7.43	€7.83
9.2%	€6.65	€6.94	€7.27	€7.64	€8.05
9.1%	€6.81	€7.12	€7.46	€7.85	€8.29
9.0%	€6.89	€7.21	€7.56	€7.96	€8.42
8.9%	€6.98	€7.30	€7.66	€8.07	€8.55

Scenario Analysis

In this analysis, we focus on two key target variables: Sales growth (CAGR), and EBIT margin. We have developed three scenarios—Bear Case, Base Case, and Bull Case—to explore the potential outcomes for Thrace Plastics under different operational conditions. Each scenario reflects variations in the company's ability to grow revenues, maintain profitability, and control costs.

Source: Bloomberg, Piraeus Securities Estimates

Bear Case Assumptions

€5.46
+49%

Sales 5Y CAGR: 2.5%
Average EBIT margin: 6.5%
Lower sales than expected due to weak demand or increased competition, along with increased energy and transportation costs, putting downward pressure on margins.

Base Case Assumptions

€7.46
+104%

Sales 5Y CAGR: 4.5%
Average EBIT margin: 7.0%
Assuming steady level of operational efficiency, with a realistic approach in sales growth and EBIT margin based on historical performance.

Bull Case Assumptions

€8.60
+134%

Sales 5Y CAGR: 6.5%
Average EBIT margin: 7.5%
Robust sales growth, driven by successful market penetration, and increased demand in both segments, while achieving lower conversion costs, thus increasing operating margins.

Relative Valuation

For our EV/EBITDA valuation we utilized data from peers in both packaging and technical fabrics. For 2025, the median forecasted EV/ EBITDA is 7.6x for global peers active in both technical fabrics and packaging. We value Thrace with the use of an average EV/ EBITDA 2025e multiple of 6.0x pointing to a 20% discount vs. its wider peer group. Our valuation with the use of EV/EBITDA ratio generates a target price of €6.55 per share, representing a 79% upside.

		P / E			EV / EBITDA			Dividend Yield (%)		
Technical Fabrics Peers	**Country**	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**
Suominen Corporation	Finland	276.7x	16.1x	10.6x	8.7x	5.9x	4.9x	2.6	4.2	4.5
DuPont de Nemours, Inc.	U.S.	21.3x	18.3x	16.3x	13.3x	12.2x	11.3x	1.9	2.0	2.3
Schouw & Co.	Denmark	11.7x	10.1x	8.4x	7.1x	6.9x	6.5x	2.8	3.1	3.5
Packaging Peers										
Bery Global Group, Inc.	U.S.	8.7x	8.0x	7.3x	8.1x	7.7x	7.5x	1.4	1.4	1.3
Huhtamaki Oyj	Finland	14.1x	12.7x	11.8x	7.9x	7.4x	7.0x	3.2	3.5	3.7
Gerresheimer AG	Germany	21.8x	16.3x	13.5x	10.7x	8.6x	7.6x	1.3	1.6	1.9
Median		**14.1x**	**12.7x**	**11.8x**	**8.1x**	**7.6x**	**7.5x**	**1.4x**	**1.6x**	**1.9x**

Multiples Valuation	
Peer group Average EV / EBITDA	**7.6x**
Discount @20%	**6.0x**
Implied EV (€ mn)	**286.7**
- Net debt	-19.3
- Minorities	-5.0
Equity Value	262.5
EV/share	**€6.55**
Current Price per share	**€3.67**
Upside/(Downside)	**78.8%**

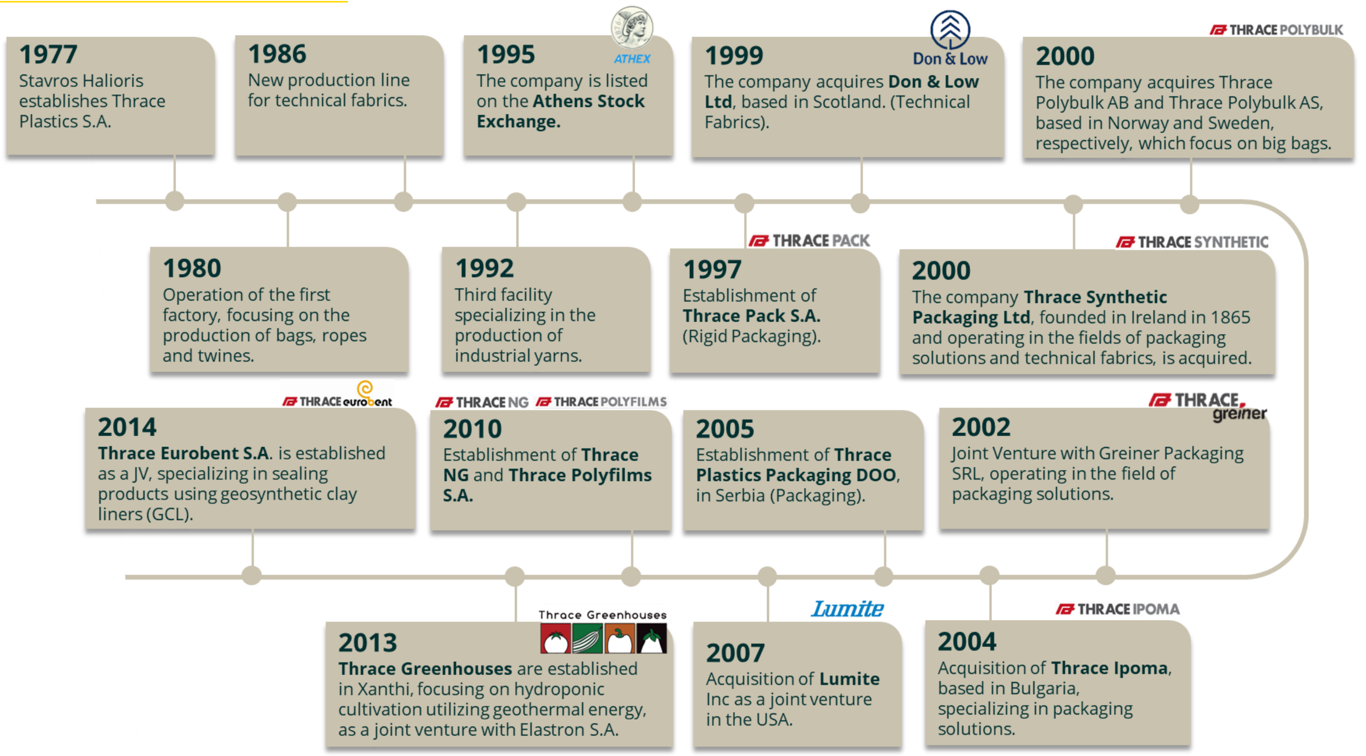
Company Overview

Thrace Group is an international group of companies known for its expertise in producing technical fabrics and packaging solutions. The group covers 25 different market segments employs more than 2,000 people, operating in 9 countries through 14 different companies worldwide. Furthermore, Thrace has a large selling network, selling to 80 countries, using 28 different production technologies within the group that helps the company to have a wide range and quite diversified product range of their product portfolio.

History

Since its founding in 1977 by Stavros Halioris in Xanthi, Greece, Thrace Group has significantly expanded its operations and product offerings. The company started with a factory producing PP woven bags, ropes, and twines. Over the years, it entered various markets, including the PP technical fabrics market in 1986, and expanded its facilities, such as the third plant for industrial and carpet yarns in 1992. Thrace Plastics got listed on the Athens Stock Exchange in 1995 and further diversified by entering the rigid packaging market in 1997 with a new plant in Ioannina. The acquisition of Don & Low Ltd in 1999 marked its entry into the nonwovens industry, and the group continued its expansion with acquisitions and new ventures in Norway, Bulgaria, Romania, Serbia, and North America. The company also ventured into agricultural sector with Thrace Greenhouses S.A. in 2013 and the sealing product market with Thrace-Eurobent S.A. in 2014. We provide below a timeline from establishment until 2014, showing the company's significant milestones, including its acquisitions over the years:

Thrace Plastics Milestones

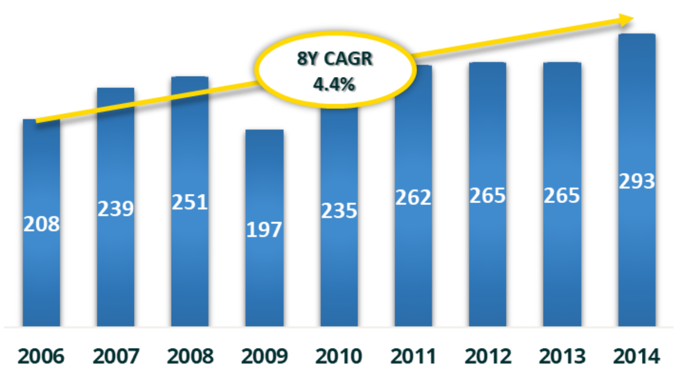


Source: Company Data, Piraeus Securities

Historical Strategic Developments from 2015

In both the technical fabrics and packaging sectors, the critical factors driving total revenues are selling volumes and price mix. Recognizing the importance of these elements, the company has strategically invested in significant capital expenditures over the past years. These investments were made not only to expand production capacity and increase volumes but also to improve profit margins (through product mix improvement). During the period 2009-2014, limited investments (€33mn in total) were implemented due to global economic uncertainty. However, during the financial crisis the company was achieving profitable and cash generating growth.

Growth during financial crisis years (Turnover in €mn)



Source: Company Data, Piraeus Securities

From 2015 until 2020, the Group entered a heavy investment plan of c. €165mn to develop its non-woven business and increase its capacity (through expansion in SEE, UK, Ireland). Also, the company focused on reducing production costs, on the improvement of its product mix (more sales of high-margin products), and on the development of new high margin products.

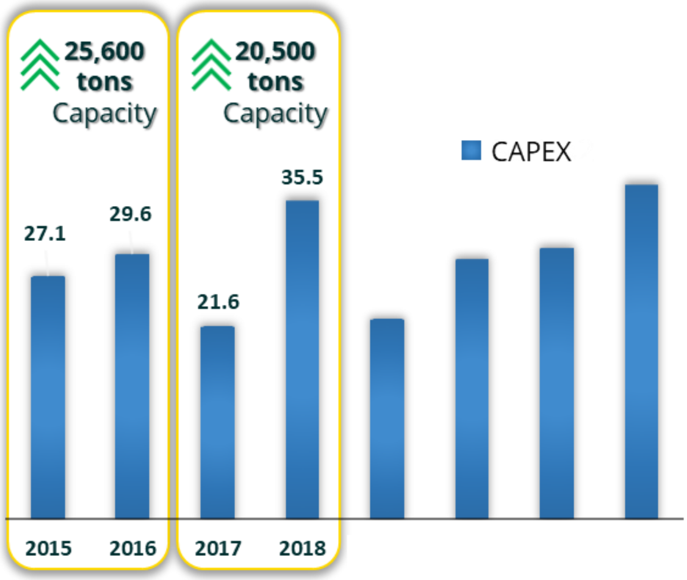
In 2015 and 2016 the company made capital expenditures of €56.7mn, to further increase its capacity, of which 40.7mn in the Technical Fabrics segment, €14.4mn in the Packaging, and 1.6mn in the Agricultural segment. In 2017-2018 the company invested €57.1mn, increasing its volumes by 20,500 tons. We provide below the company's capex plan in more detail. The capital expenditures are normally 80% for growth and 20% for maintenance.

€ 113mn CAPEX between 2015 and 2018...

CAPEX (€mn)	2015-2016	2017-2018
Technical Fabrics	40.7	48.9
Packaging	14.4	13.2
Agricultural & Other	1.6	4.8
Total	**56.7**	**57.1**
Greek Subsidiaries	42.7	18.0
Foreign Subsidiaries	14.0	39.1
Additional Volumes (tons)	**25,600**	**20,500**

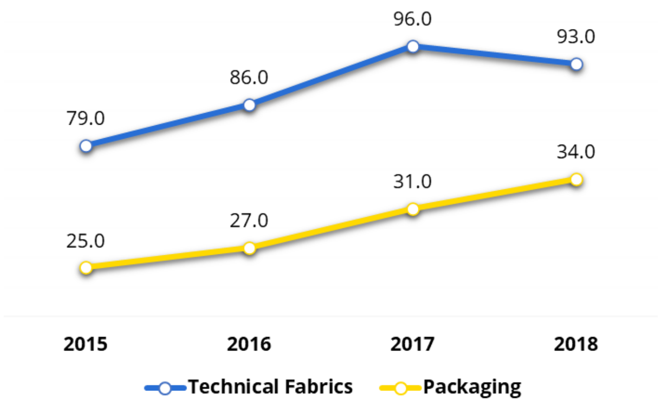
Source: Company Data, Piraeus Securities

...led to a production capacity expansion...



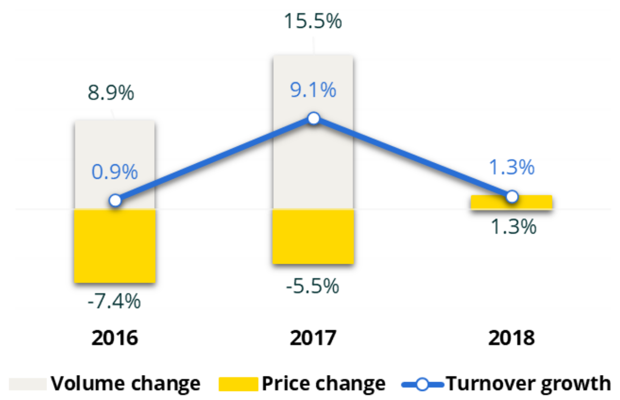
Source: Company Data, Piraeus Securities

and to an increase in selling volumes ('000 tons) ...



Source: Company Data, Piraeus Securities

...but reduction in prices partly offset sales growth.



Source: Company Data, Piraeus Securities

In the second half of 2018, an **internal restructuring** of the Group's holdings was initiated, with the aim of optimizing the production and distribution network of its products that maximize returns. Following that, in 2019, the company:

- Ceased the labor-intensive manufacturing process of woven big bags (FIBC) in Bulgaria
- Transferred the needle-punch line from Thrace Linq, located in USA, to Don&Low, based in Scotland, in order to strengthen the Group's products in the markets of UK and Northwestern Europe.

Thrace Plastics invested a total amount of €23.2mn in 2019, of which €14.0mn concerned investments in Technical Fabrics, €8.1mn investments in the Packaging Sector and €1.1mn in joint ventures. Further implementing the internal restructuring plan in 2020 the Group:

- Transferred a needle-punch line from Thrace Linq to Thrace NG, in order to strengthen the production capacity of the subsidiary and thus expand its sales growth potential.
- Liquidated Thrace China and its parent company Thrace Asia.
- Ceased operation of Thrace Linq in the USA and sold the industrial property of the company for €14mn and used the proceeds for debt repayment.

	Strategic Pillars			
CAPEX (c€165mn)	**Organic Growth**	**Value Capture**	**Sustainability**	**Infrastructure**
2 new Spunbond Lines in GR and SC	✓	✓		
2 new Needlepunch lines in GR and SC	✓	✓		
Increased internal recycling capacity		✓	✓	
New thermoforming line in BG and thermoforming IML in GR	✓	✓	✓	
New Injection molding capacity in GR and BG	✓	✓	✓	
New injection molding plant in IR	✓	✓		
2 new Melt-blown lines in SC	✓	✓		
MDO line in GR		✓		
Face mask production in GR, SC, IR		✓		
Health & Safety			✓	✓
Digitization (ERP and other)			✓	✓
Land & Buildings	✓		✓	✓

Source: Company, Piraeus Securities

In 2020 and 2021, the Group saw a surge in its sales due to increased demand for products related to personal protection and health and in particular for technical fabrics division. Also, in 2020 the Group installed and operated surgical mask production lines in Greece, Scotland, and Ireland. The strong financial performance during these two years, provided the group with the ability to continue their investment plan, and to set the foundations in order to attain higher profitability compared to the ones of the pre-pandemic era.

From 2021-2023, Thrace Group extended its CAPEX plan targeting in value adding products and profitability increase. The total capital expenditures for the period 2015-2023 amount to c. €260mn, while the company will invest another c€30mn in 2024, targeting in increasing conversion capabilities and developing new products in the technical fabrics division, and in increasing capacity and products in the packaging division. Specifically, the €30mn CAPEX plan includes:

- New extrusion coating line, which will be operational in Q1'25
- New 9-layer blown film line for production of lamination films for food and non-food markets (Operational in H2'24)
- Further investments in automations / robotics
- Further capacity growth in Rigid Packaging (new injection machines in Greece, Bulgaria and Ireland, and a 2nd thermoforming IML line in Greece)
- Further RES investments in Ireland with another 0.5MW in photovoltaics
- Continuous investments in Health and Safety

Below we present the company's subsidiaries, as well as the business units each of the subsidiaries operates. It is noted that Thrace Eurobent, Lumite, Thrace Greiner and Thrace Greenhouses are not consolidated.

COMPANY	HEADQUARTERS	SEGMENT	REPORTING METHOD	GROUP STAKE
Thrace Plastics Company SA	**Xanthi, Greece**		**Parent Company**	
Don & Low Ltd	Forfar, Scotland	Technical Fabrics	Full Consolidation	100%
Thrace NG	Xanthi, Greece	Technical Fabrics	Full Consolidation	100%
Thrace Plastics Pack S.A.	Greece Ioannina	Packaging	Full Consolidation	92.94%
Thrace Greiner Packaging SRL	Sibiu, Romania	Packaging	Equity Method	46.47%
Thrace Plastics Packaging DOO	Nova Pazova, Serbia	Packaging	Full Consolidation	92.94%
Thrace Ipoma SA	Sofia, Bulgaria	Packaging	Full Consolidation	92.83%
Thrace Synthetic Packaging Ltd	Clara, Ireland	Technical Fabrics	Full Consolidation	100%
Thrace Polybulk AB	Köping, Sweden	Technical Fabrics	Full Consolidation	100%
Thrace Polybulk AS	Brevik, Norway	Technical Fabrics	Full Consolidation	100%
Lumite INC	Georgia, USA	Technical Fabrics	Equity Method	50%
Thrace Polyfilms SA	Xanthi, Greece	Packaging	Full Consolidation	100%
Thrace Eurobent S.A.	Xanthi, Greece	Technical Fabrics	Equity Method	51%
Thrace Greenhouses SA	Xanthi, Greece	Agricultural	Equity Method	50.91%

Source: Company, Piraeus Securities

Business Segments

Technical Fabrics

The Technical Fabrics division includes the production and trade of woven and nonwoven polypropylene, geosynthetics, packaging fabrics, membranes, and other technical fabrics for industrial and technical uses. The technical fabrics division comprises 2/3 of group sales. The company has a well-diversified portfolio and its products apply to various markets such as construction, civil Infrastructure, landscape, and gardening, medical and hygiene, and agri- / horti- & aquaculture. The applications with the most selling volumes are civil infrastructures, comprising c28% of the segment's volumes, followed by construction (c14%) and agri-/horti-culture market with c11%. The rest of the applications comprise 3% to 5% of the segment's selling volumes.

Technical Fabrics Subsidiaries and their applications

Source: Company Data, Piraeus Securities

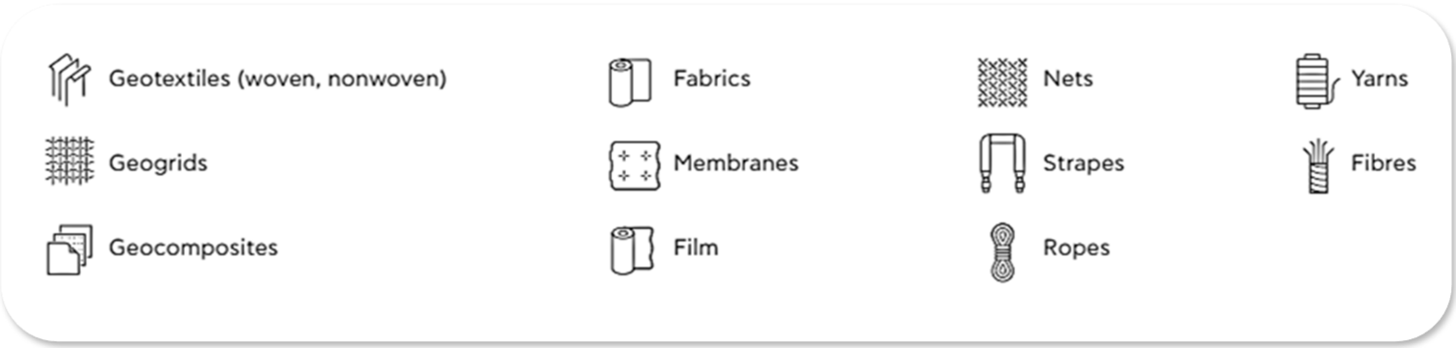
The biggest company of the Group, **Thrace Nonwovens and Geosynthetics (NG)**, located in Xanthi, operates under this segment from 2010, when the company took over the activities of Thrace Plastics S.A. Thrace NG's product range includes polypropylene woven and nonwoven fabrics, staple fibers, multifilament yarns, HDPE nets, ropes, webbings, monofilament yarns, roofing membranes, and raw materials for face masks. These products are applied in geosynthetics, agriculture, construction, industrial fabrics, packaging, furniture, filtration, disposables, medical, and workwear sectors. Thrace NG recorded a turnover of €134.1mn in 2023, c. 60% of Technical Fabrics total sales, with exports to more than 80 countries worldwide.

Don & Low, the second largest of the segment, is a UK-based company, which produces a variety of technical textiles which are used in applications such as agriculture, construction, healthcare, and packaging.

Thrace Eurobent and Lumite are joint ventures, with the first operating in the GCL for landscaping applications and the latter a production company operating in the US.

The rest of the companies in the segment; **Thrace Synthetic**, **Thrace Polybulk AB** and **Thrace Polybulk AS** are trading companies located in Ireland, Sweden, and Norway, respectively. The product families are illustrated below:

Product Families

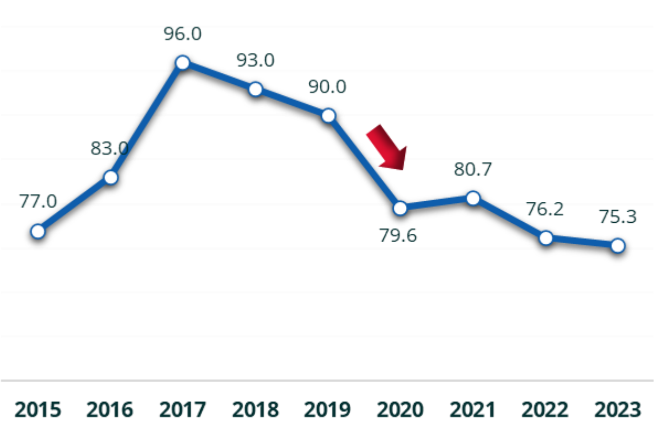


Source: Company Data, Piraeus Securities

In the technical fabrics division, the company saw a significant rise in selling volumes during the period 2015-2018, followed by a reduction in 2019 due to internal restructuring. During the year 2020, which was characterized by the spread of COVID – 19 pandemic the Group faced significant demand in the area of technical fabrics used in personal protection and health applications (Personal Protective Equipment – PPE). This high demand continued and peaked within 2021.

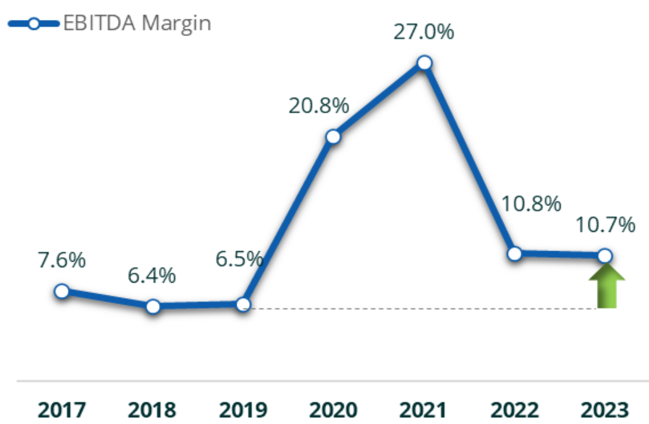
During the year 2022, the demand for PPE reduced sharply (except Q1 '22, mainly due to the spread of Omicron variant). Although profitability levels were lower y/y in 2022, the group posted strong revenues in the Technical Fabrics Sector.

The restructuring plan led to a drop in volumes ('000 tons) in Technical Fabrics...



Source: Company Data, Piraeus Securities

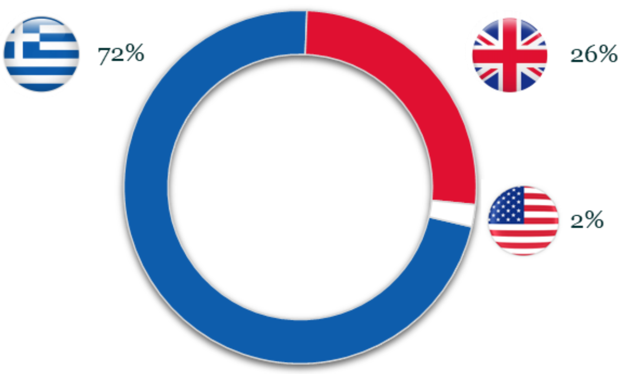
... but margins improved by more than 400 bps compared to the pre-pandemic era.



Source: Company Data, Piraeus Securities

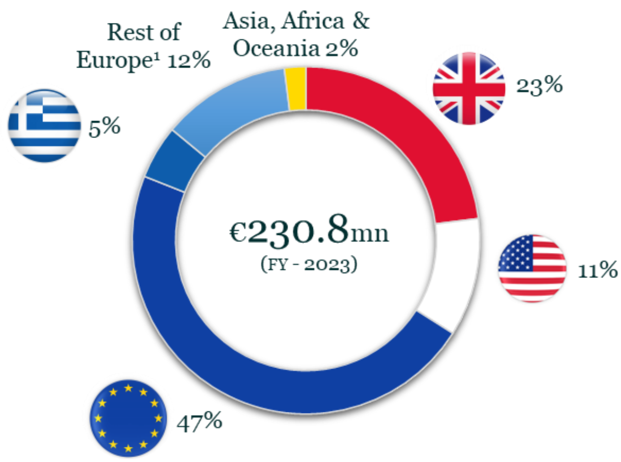
Today, technical fabrics' production mostly takes place in Greece (72%) while 26% of the production takes place in the UK through Don & Low and 2% of production in America. In terms of sales, Thrace Plastics has an extended sales network of 80 countries worldwide, with its sales in Greece constituting only 5% of its total turnover. In terms of selling volumes, over 40% account for civil infrastructures and construction, followed by agriculture which accounts for 11% of selling volumes. The rest of the end markets comprise 3%-5% each.

Mostly European-based production...



Source: Company Data, Piraeus Securities

...with a global sales network.

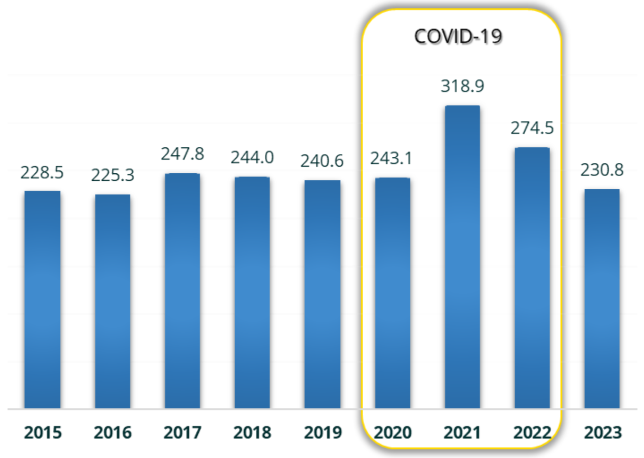


1. Rest of Europe: Bulgaria, Albania, Serbia, Slovenia, Croatia, FYROM, Bosnia-Herzegovina, Montenegro, Kosovo

Source: Company Data, Piraeus Securities

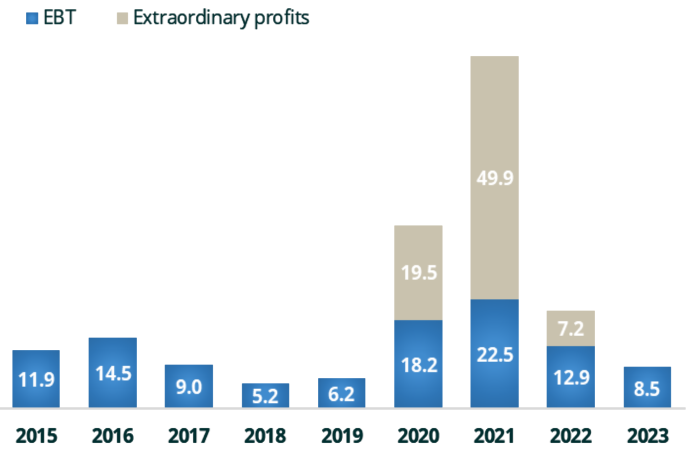
In 2023, technical fabrics turnover declined mainly due to reduced demand in the infrastructure, construction and agriculture sector which constitute approximately half of the selling volumes. Volumes decreased in the US due to a new implementation of law which stipulates that infrastructure projects implemented with government spending must proceed with products manufactured in the US. However, the Group managed to offset the decline in volumes by getting projects in Canada. At the same time, there was a slowdown in the UK market, especially in the construction sector.

Technical Fabrics Turnover (2015-2023) in € mn



Source: Company Data, Piraeus Securities

Technical Fabrics EBT (2015-2023) in € mn



Source: Company Data, Piraeus Securities

The table below shows the historical financial figures of the technical fabrics segment. For comparison purposes, we also present EBT excluding extraordinary revenues (Personal Protection Equipment and OAED) at the bottom of the table.

P&L | TECHNICAL FABRICS (€mn)	2017A	2018A	2019A	2020A	2021A	2022A	2023A
Turnover	**247.8**	**244.0**	**240.6**	**243.1**	**318.9**	**274.5**	**230.8**
yoy	*10.0%*	*(1.5%)*	*(1.4%)*	*1.0%*	*31.2%*	*(13.9%)*	*(15.9%)*
Volumes Sold (000' tons)	96.0	93.0	90.0	79.6	80.7	76.2	75.3
yoy	*15.7%*	*(3.1%)*	*(3.2%)*	*(11.6%)*	*1.4%*	*(5.6%)*	*(1.2%)*
Price per kg	€2.6	€2.6	€2.7	€3.1	€4.0	€3.6	€3.1
Cost of Goods Sold	**(198.8)**	**(199.7)**	**(197.9)**	**(168.2)**	**(205.6)**	**(218.0)**	**(183.2)**
Gross Profit	**49.0**	**44.3**	**42.7**	**74.9**	**113.2**	**56.5**	**47.6**
margin	*19.8%*	*18.2%*	*17.8%*	*30.8%*	*35.5%*	*20.6%*	*20.6%*
Operating income / (expenses)	**(37.9)**	**(37.2)**	**(34.1)**	**(36.1)**	**(40.3)**	**(40.2)**	**(38.7)**
EBITDA	**18.9**	**15.5**	**15.7**	**50.5**	**86.1**	**29.7**	**24.6**
yoy	*(16.2%)*	*(17.9%)*	*1.4%*	*220.7%*	*70.6%*	*(65.5%)*	*(17.0%)*
margin	*7.6%*	*6.4%*	*6.5%*	*20.8%*	*27.0%*	*10.8%*	*10.7%*
EBIT	**11.1**	**7.1**	**8.7**	**38.8**	**72.9**	**16.3**	**8.9**
Net interest result	**(2.1)**	**(1.9)**	**(2.5)**	**(1.1)**	**(0.5)**	**3.8**	**(0.4)**
EBT	**9.0**	**5.2**	**6.2**	**37.7**	**72.4**	**20.1**	**8.5**
margin	*3.6%*	*2.1%*	*2.6%*	*15.5%*	*22.7%*	*7.3%*	*3.7%*
EBT (without extraordinary)	**9.0**	**5.2**	**6.2**	**18.2**	**22.5**	**12.9**	**8.5**
margin	*3.6%*	*2.1%*	*2.6%*	*7.5%*	*7.1%*	*4.7%*	*3.7%*

Source: Company, Piraeus Securities

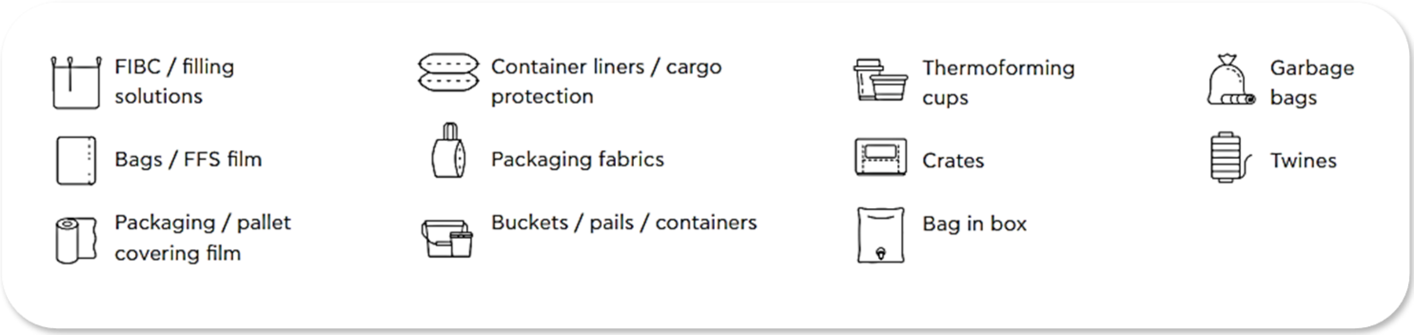
Packaging Sector

In the packaging sector, Thrace is one of the most trusted South European producers with a very strong portfolio and innovative solutions. The company's activities in this sector are focused on delivering durable, and sustainable packaging solutions that cater to a wide range of industries, including food and beverages, agriculture, chemicals, and consumer goods. In this segment, injection products account for almost 50% of the volumes, the thermoforming cups for 20%, the packaging films for 11% and the FFS/FIBC products for 10%.

Technical Fabrics Subsidiaries and their applications

Source: Company Data, Piraeus Securities

Product Families



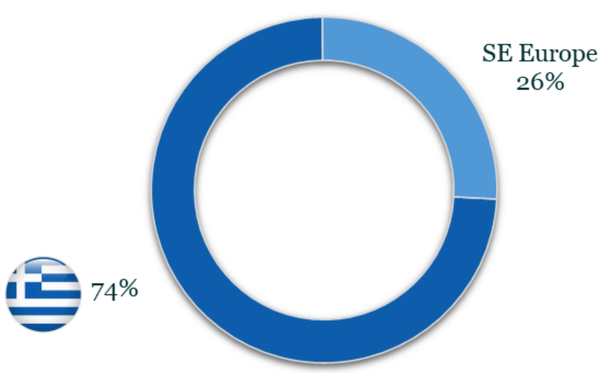
Source: Company Data, Piraeus Securities

The largest subsidiary in terms of sales is **Thrace Plastics Pack S.A.**, comprising c60% of Packaging Sector sales in 2023. Thrace Pack portfolio focuses on packaging solutions (injection moulded containers, thermoformed cups, and lids) using polypropylene and polyethylene, destined to serve the Food and the Chemical/ Paint Sector. The main market of Thrace Pack has traditionally been Southeast Europe, but over the past decade it has become a considerable player in Northern and Western Europe.

The rest of the companies under the packaging segment are **Thrace Ipoma**, based in Bulgaria, which serves the food and the chemical sector with rigid packaging products, **Thrace Polyfilms** which serves chemicals, animal feed, minerals, and the food and drink industry with a wide range of PP/PE products, and **Thrace Greiner Packaging**, a JV between Thrace and Greiner, which is a leading supplier of the food and paint industry in Romania and neighboring countries.

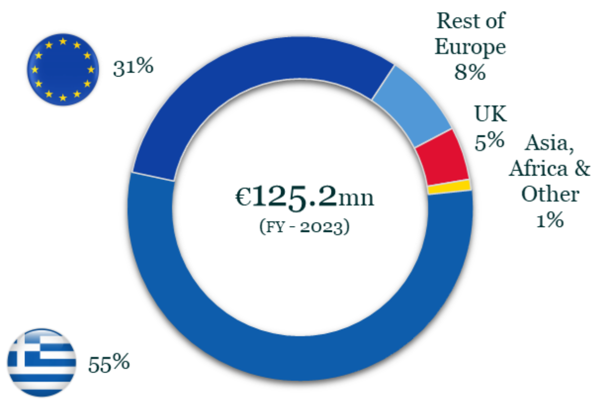
74% of packaging materials are produced in Greece while 26% of the production takes place in the Southeastern Europe. The sales network is more focused on the southeast European market (86%), with sales in Greece accounting for 55%, and sales in EU for 31% of sales. The packaging companies also have a small sales network in the UK (5%).

Packaging Production Breakdown



Source: Company Data, Piraeus Securities

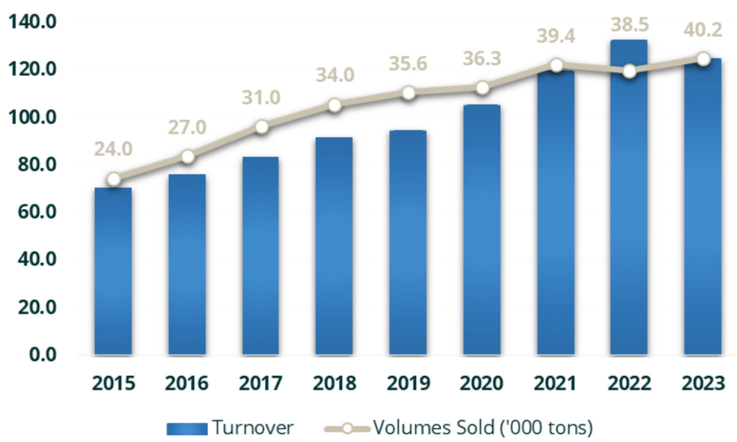
Turnover Geographical Breakdown



Source: Company Data, Piraeus Securities

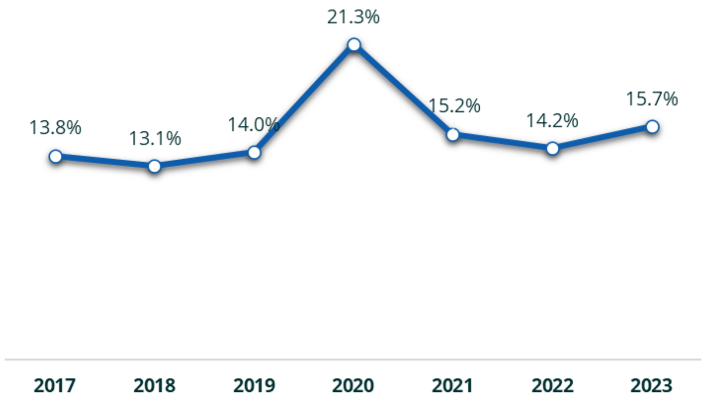
The Packaging Sector has shown significant growth over the last years, with volumes increasing from 24,000 tons in 2015 to c40,200 tons in 2023, while margins have posted an increase of 170bps compared to that of pre pandemic period.

Packaging Volumes Sold & Turnover (€mn)



Source: Company Data, Piraeus Securities

Packaging EBITDA margin (2015-2023)



Source: Company Data, Piraeus Securities

2023 was an impressive year for the packaging sector with volumes hitting all time high, as the demand was strong in almost all the products. Turnover was lower than 2022 due to a 10% decrease in prices. However, FY-23 EBITDA was 4% higher y/y mainly due to lower costs of materials and inventory sold.

The table below shows the historical financial figures of the Packaging segment. For comparison purposes, we also present EBT excluding extraordinary revenues (Personal Protection Equipment and OAED) at the bottom of the table.

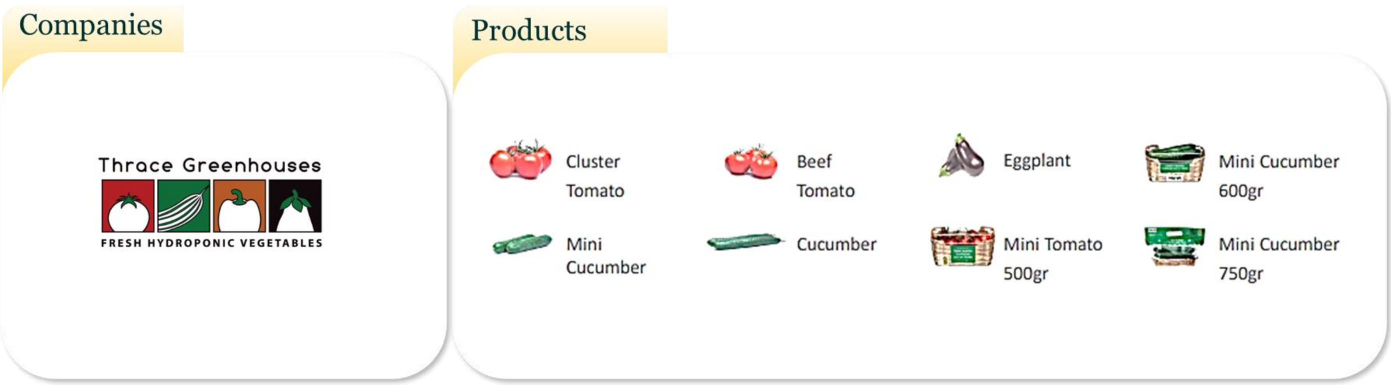
P&L | PACKAGING (€mn)	2017A	2018A	2019A	2020A	2021A	2022A	2023A
Turnover	**83.7**	**91.6**	**94.9**	**105.7**	**120.0**	**132.7**	**125.2**
Yoy	*10.1%*	*9.5%*	*3.5%*	*11.4%*	*13.5%*	*10.6%*	*(5.6%)*
Volumes Sold (000' tons)	31.0	34.0	35.6	36.3	39.4	38.5	40.2
yoy	*14.8%*	*9.7%*	*4.8%*	*1.8%*	*8.5%*	*(2.3%)*	*4.4%*
Price per kg	€2.7	€2.7	€2.7	€2.9	€3.0	€3.4	€3.1
Cost of Goods Sold	**(66.5)**	**(73.4)**	**(74.5)**	**(75.0)**	**(93.5)**	**(105.4)**	**(96.3)**
Gross Profit	**17.2**	**18.2**	**20.4**	**30.7**	**26.5**	**27.2**	**28.9**
margin	*20.6%*	*19.9%*	*21.5%*	*29.1%*	*22.1%*	*20.5%*	*23.1%*
Operating income / (expenses)	**(10.3)**	**(11.4)**	**(12.9)**	**(14.9)**	**(14.6)**	**(15.5)**	**(16.6)**
EBITDA	**11.5**	**12.0**	**13.3**	**22.5**	**18.3**	**18.9**	**19.7**
Yoy	*6.4%*	*4.0%*	*10.9%*	*69.3%*	*(18.8%)*	*3.4%*	*4.0%*
Margin	*13.8%*	*13.1%*	*14.0%*	*21.3%*	*15.2%*	*14.2%*	*15.7%*
EBIT	**6.9**	**6.8**	**7.5**	**15.8**	**11.9**	**11.7**	**12.3**
Net interest result	**(0.4)**	**(1.2)**	**(0.9)**	**(0.5)**	**0.2**	**0.4**	**0.0**
EBT	**6.5**	**5.6**	**6.6**	**15.3**	**12.1**	**12.2**	**12.3**
margin	*7.7%*	*6.1%*	*6.9%*	*14.5%*	*10.1%*	*9.2%*	*9.8%*
EBT (without extraordinary)	**6.5**	**5.6**	**6.6**	**12.1**	**10.2**	**9.5**	**12.3**
margin	*7.7%*	*6.1%*	*6.9%*	*11.4%*	*8.5%*	*7.2%*	*9.8%*

Source: Company

Agricultural Sector

In the agricultural sector, the company operates through a joint venture with Elastron (50.91%), in Thrace Greenhouses S.A., established in Xanthi in 2013. On a land spanning 18,5 Ha, Thrace Greenhouses are the biggest hydroponic greenhouses in S.E. Europe and the only ones in the world heated exclusively by geothermal energy. That results in almost zero CO_2 emissions. The main products are tomatoes, clusters, cucumbers, and since 2022, the company is also growing eggplants, to have a more diversified portfolio.

Agricultural Sector Subsidiary and Product Families



Source: Company Data, Piraeus Securities

In 2014, the first cultivation season took place in a 40-acre greenhouse. By 2016, the greenhouses expanded by an additional 40 acres, reaching a total of 80 acres. In 2017, another 20 acres were added, bringing the total to 100 acres. In 2018, the greenhouses expanded by another 40 acres, reaching 140 acres. Additionally, the company Urban Cultivations S.A. was merged into Thrace Greenhouses S.A., adding 11 more acres, for a total of 151 acres. Between 2018 and 2019, the investment in Thrace was completed with the addition of 40 more acres, bringing the total cultivated area of Thrace Greenhouses S.A. to 196 acres, including the Attica unit. In 2020-2021, the company completed its investment in a photovoltaic park in Thrace, aimed at maintaining a very low environmental footprint. In 2022, the company started the expansion with another 6.5 acres, which will increase the volume and the product portfolio. The demand for products is very strong in Greece, while the company is gradually kicking off exports in other European countries. The company started a new CAPEX plan of €14.5mn starting in 2023 until 2026, introducing new product families like pink tomato and eggplants and investing in automation and robotics to optimize the production process and become more cost- efficient. Furthermore, one of the key pillars of the strategic development is the 130-acre expansion, of which 65 acres were completed in 2023.

In 2023, Thrace Greenhouses recorded a Turnover of €8.8mn, while EBITDA amounted to €2.0mn, implying an EBITDA margin of 22.5%. We note that, the company is consolidated according to the equity method.

SHORT P&L | THRACE GREENHOUSES (€mn)	2019A	2020A	2021A	2022A	2023A
Turnover	**8.4**	**8.2**	**8.1**	**9.4**	**8.8**
Cost of Goods Sold	(6.0)	(6.2)	(6.1)	(7.2)	(6.9)
Gross Profit	**2.4**	**2.0**	**2.0**	**2.3**	**1.9**
EBITDA	**1.7**	**1.6**	**2.0**	**2.3**	**2.0**
Net Profit	**0.5**	**0.3**	**0.7**	**0.9**	**0.4**

Source: Company

H1'24 Results Review: Good set of results with increasing volumes despite low demand and prices reduction

The Group announced its H1'24 financial results, with turnover growing by 3.5% y/y at €186.5mn. EBITDA was slightly higher (+1.9% y/y) at €24.5mn, mainly due to increase in the cost of raw materials, and gradually increasing energy costs during the second quarters pushing down margins.

It is important to highlight that the Group increased the volumes sold, thus capturing greater market shares, despite the relatively low demand. By this manner, the Group tends to totally offset the effect of the declining average selling prices and the higher comparative costs across the various categories of expenses.

During H1'24, Technical fabrics recorded a small decline in sales, with higher cost of goods sold, resulting in a lower gross margin compared to H1'23. EBITDA stood at €11.9mn vs. €13.9mn in H1'23. This decrease is mainly attributed to the reduced demand in the construction. However, there was increased demand for products of the agricultural sector which is the third largest end-market.

On the other hand, the packaging sector recorded a 9.4% increase in sales reaching €71mn, with increased demand for products in the food and paint industry. EBITDA rose to €12.9mn vs. €10.8mn.

Management's Outlook for H2'24

According to the Group's management, the second half of the year will be comparable to the first half. Regarding the annual profitability, the management estimate that due to the high uncertainty about the course of the global economy, the group's EBITDA will be similar to that in 2023.

Segment Reporting (€mn)	H1 2019	H1 2020	H1 2021	H1 2022	H1 2023	H1 2024
Turnover	**170.3**	**155.4**	**234.3**	**212.7**	**180.1**	**186,5**
Technical Fabrics	111.9	108.1	179.4	149.9	121.7	120.9
Packaging	48.2	51.1	60.0	69.9	64.9	71.0
Other	2.6	2.6	2.6	2.9	2.8	3.0
Intrasegment	7.6	(6.3)	(7.7)	(10.0)	(9.3)	(8.4)
Gross Profit	**47.6**	**42.1**	**90.2**	**48.0**	**41.5**	**42.2**
Technical Fabrics	22.0	27.5	75.7	33.4	25.8	23.7
Packaging	10.2	14.5	14.5	14.2	15.4	18.3
Other	0.3	0.5	(0.5)	0.2	0.0	0.0
Intrasegment	15.1	(0.3)	0.5	0.0	0.3	0.1
Operating profit	**9.4**	**17.7**	**61.2**	**19.6**	**12.6**	**12.0**
Technical Fabrics	5.9	10.4	54.8	13.3	6.1	3.6
Packaging	4.0	7.4	7.5	6.4	7.2	8.9
Other	(0.5)	(0.1)	(1.0)	(0.2)	(0.6)	(0.4)
Intrasegment	(0.0)	(0.0)	(0.1)	0.1	(0.0)	(0.0)
EBITDA	**16.5**	**26.0**	**72.5**	**30.0**	**24.1**	**24.5**
Technical Fabrics	10.0	15.7	62.8	19.8	13.9	11.9
Packaging	6.8	10.3	10.6	10.1	10.8	12.9
Other	(0.3)	0.1	(0.8)	(0.0)	(0.5)	(0.3)
Intra-segment	(0.0)	(0.0)	(0.1)	0.1	(0.0)	(0.0)
EBT	**7.5**	**16.9**	**62.0**	**20.1**	**12.2**	**10.9**
Technical Fabrics	4.7	10.2	55.4	13.6	5.7	3.2
Packaging	3.5	7.0	7.6	6.4	7.0	8.4
Other	(0.8)	4.7	7.2	7.5	9.2	7.8
Intrasegment	(0.0)	(5.0)	(8.2)	(7.4)	(9.7)	(8.5)

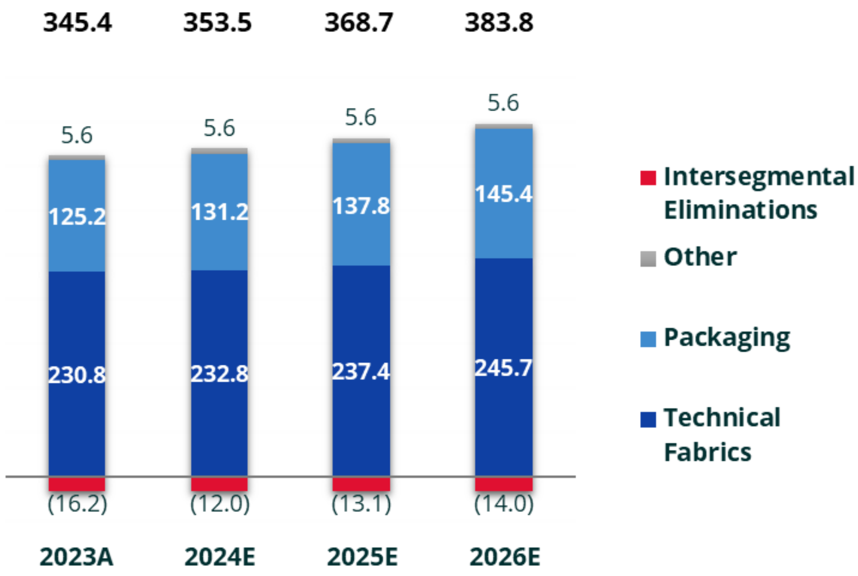
Source: Company Data, Piraeus Securities

Group

Turnover

On a group level, the turnover in FY-23 amounted to €345.4mn, of which €230.8mn from technical fabrics companies, €125.2mn from packaging companies and the rest were intersegmental eliminations. According to our estimates, technical fabrics volumes will continue to grow in both segments over the next years, but prices will post a decrease in 2024 due to low demand in some end-markets (construction / civil infrastructure) that comprise a decent part of segments client base and geographies (Central Europe). On the packaging sector, we expect volumes to post a higher increase in volumes as new lines will be operational during 2024, and the demand is high, especially in the food, paint and HORECA industry. Over the next years, we expect a stabilization of prices in both segments, and a steady growth in volumes both mainly driven by the Group's capital expenditures in new lines, the rebound in industries like construction and infrastructures in the European markets.

Turnover Breakdown (2023a – 2026e)



Source: Company Data, Piraeus Securities Estimates

Cost Structure

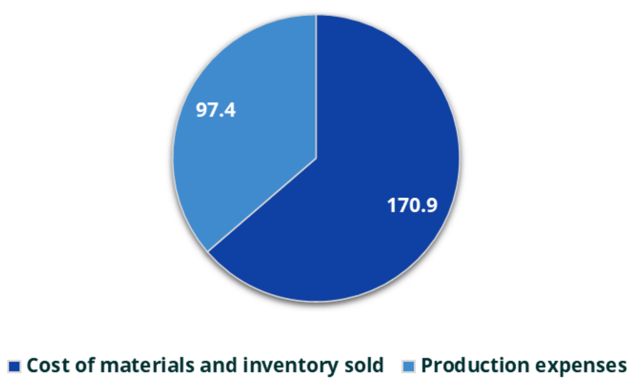
In FY-2023, the cost of goods sold (COGS) for Thrace Plastics amounted to €268.3mn. This figure is primarily composed of two major components: the cost of materials and inventory sold, totaling €170.9mn and production expenses, which accounted for €97.4mn.

A key driver in Thrace Plastics' production is the use of mainly polypropylene and polyethylene, which are essential raw materials for both the technical fabrics and packaging sectors.

The cost of materials, particularly polypropylene, tends to exhibit limited fluctuation. This is largely due to the company's ability to adjust selling prices in response to changes in raw material costs. However, it is important to note that while price increases in polypropylene are generally mirrored by similar increases in selling prices, Thrace Plastics is not always able to pass on the full extent of these cost changes to its customers. Consequently, there may be a residual impact on profit margins despite price adjustments.

For the technical fabrics segment, gross margins are usually 20-21%, while in the packaging sector the gross margin fluctuates between 22-23%.

FY-23 COGS Breakdown (€ mn)



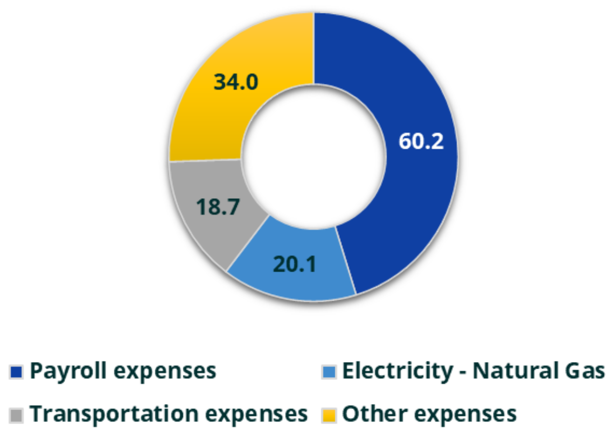
Source: Company Data

Apart from the cost of materials sold the company has production, administrative, S&D, and R&D expenses which add up to c€156 mn. The largest expense of the company is payroll costs which is about 45% of the expenses. Then, electricity - natural gas expenses complete a share of 15%, and transportation expenses with 14%. Other expenses include third party fees, maintenance, rental, insurance, exhibition/travelling, IT/telecom, advertising, and sundry expenses. We forecast flattish expenses per kg sold, except energy costs which we expect to show a slight increase compared to 2023, implying an EBITDA margin of 12.3% vs. 12.7% last year.

We anticipate FY-24 EBITDA to slightly decline y/y to €43.8mn, primarily driven by elevated energy costs and uncertainties in the Middle East. However, we expect a stabilization of expenses in the following years, with margins projected to exceed 13%.

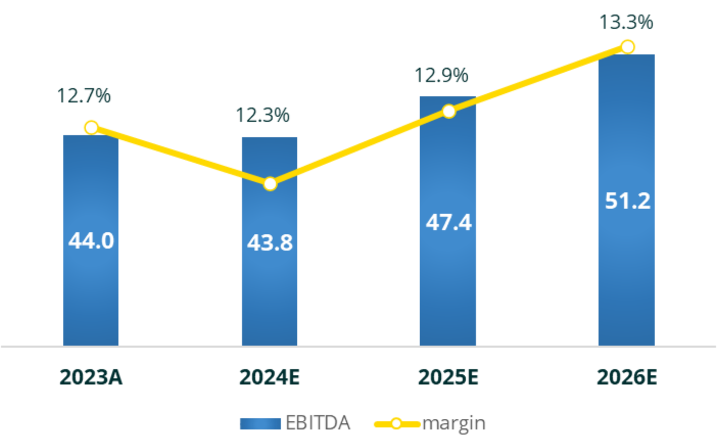
The graphs below illustrate an analysis of the expenses and our EBITDA estimates.

Expenses Breakdown (€ mn)



Source: Company Data

EBITDA & margin (2023a – 2026e)



Source: Company Data, Piraeus Securities

While EBITDA is anticipated to grow in the coming years, our bottom-line estimates are lower, primarily driven by higher net interest expenses. This shift stems from the conclusion of financial income that the company previously realized through OAED subsidies.

Historically, Thrace Plastics held a receivable from a 12% payroll subsidy for personnel employed in the Xanthi region, collected through OAED. These receivables, accumulated up until 2015, were reclassified from current to non-current in previous years due to significant delays in the repayment of subsidies by the State. A provision for impairment was recognized, leaving a balance of €4.9 million at the end of FY-2021.

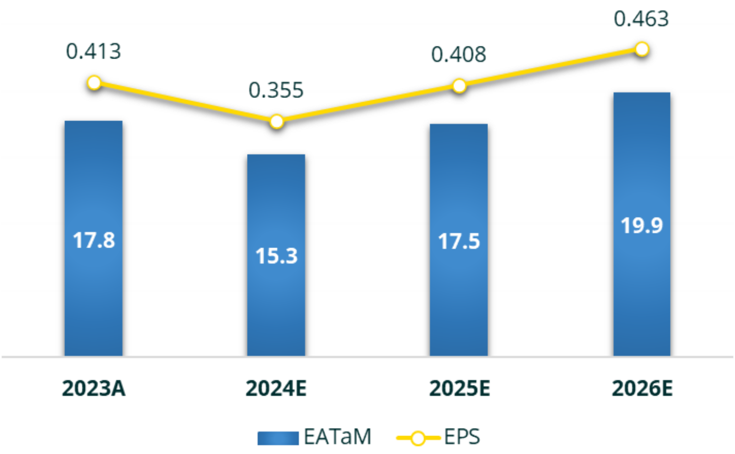
Following the passage of a law on 17 July 2020, all outstanding claims from beneficiaries up to 31 December 2015 became eligible for offset against existing and future liabilities to the State. During this process, Thrace Plastics utilized the receivables from OAED to reduce its tax or insurance contribution liabilities, depending on the situation.

The excess offset amount, beyond what was recorded as a receivable on the company's books, was recognized as financial income—effectively reversing part of the earlier impairment provision. As a result, in the prior financial year, the Group recorded financial income of €1.1mn.

As regards the interest expenses, we forecast during the next years a slight decrease, because long-term loans are linked to Euribor plus spread, and we expect Euribor to decrease, as ECB might proceed to interest rate cuts.

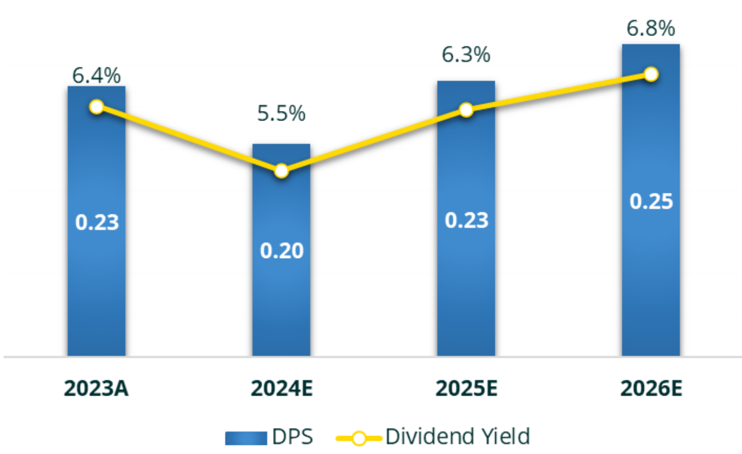
Regarding dividends, the AGM that took place on May 29th, 2024, approved the payment of the total amount of €10.3mn (€0.23 per share), implying a payout ratio of 58%. We expect that the company will keep the same payout ratio in FY-24 net profits, implying a gross amount of c€8.9mn (€0.20 per share).

Net income (€mn) / EPS (€) (2023a – 2026e)



Source: Company Data, Piraeus Securities Estimates

DPS (€) / Dividend Yield (2023a – 2026e)



Source: Company Data, Piraeus Securities Estimates

ESG

The Group's commitment to sustainable development focuses on balancing societal needs with environmental stewardship. The Group's approach is guided by some core principles:

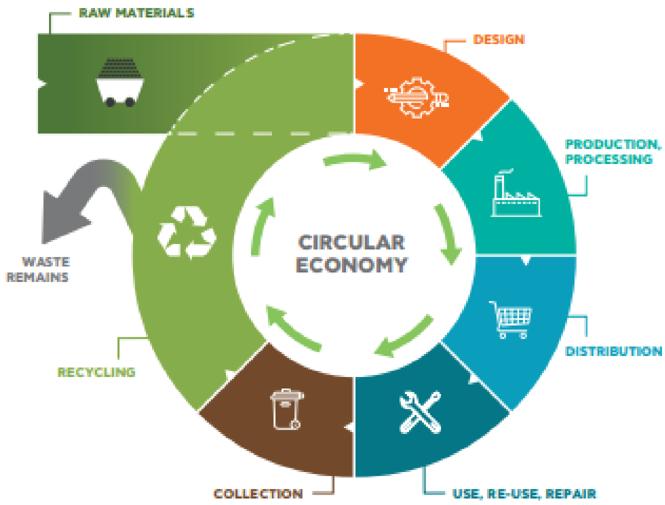
1. Supporting Circular Economy

The Group is committed to producing sustainable products and developing solutions that minimize their environmental footprint. In 2023:

- 12,900 tons of recycled raw materials were used
- Solid Waste sent to landfill was reduced by 21.7% compared to 2022

Targets for 2025:

- Increase recycled raw material usage by 30% compared to 2021
- Reduction of solid waste to landfill by 40% compared to 2021



2. Addressing Climate Change

The Group consistently improves its energy efficiency throughout its production facilities and invests in renewable energy sources.

In terms of energy efficiency, the company is recording energy consumption through modern monitoring systems and annually identifies electromechanical equipment that need to be upgraded through new investments.

Furthermore, the Group invests in the use of energy from RES to uses them to meet its energy needs. In 2023, 7.8% of energy consumption came from Renewable energy sources, a number 22.3% higher than 2022. Most of its RES energy comes from Solar Energy (Photovoltaics), with a capacity that increased from 6.7 MW in 2022 to 10.8 MW, as well as from geothermal and hydroelectric energy.

Non-Renewable Sources	
Electricity	540,574,273
Thermal Energy	1,317,776
Fuel	107,800,160
Renewable Sources	
Solar Energy (photovoltaics)	42,507,401
Geothermal Energy	11,427,874
Hydroelectric	1,258,380
Total (MJ)	**704,885,865**
Total (MWh)	**195,802**

Target for 2025:

- 10% of energy consumption from renewable energy sources with self-generation according to 2021 productivity levels.

3. Empowering Human Capital

The Group is guided by the philosophy "Safety First" and is committed to the health and safety of all of its employees, partners and visitors. To prevent all types of injuries, the Group communicates all relevant principles, policies, and procedures, implements measures to mitigate workplace accident risks, and provides life insurance to its employees.

Indicatively, in 2023 41 injuries were recorded, 12.8% lower than that in 2022 (47 injuries), while the accident frequency rate dropped from 2.45 in 2022 to 2.17 in 2023.

The Group prioritizes creating a safe, reliable, and innovative work environment that fosters professional development and supports diversity. It emphasizes employee rights, ongoing education, and fair recruitment practices, ensuring non-discrimination and favors local hires. A fair remuneration policy links compensation to performance, while employee development is supported through targeted training and the Thrace Academy platform. The HR Hub, a human resource platform, enhances employee interaction and automates processes. The Group also upholds employees' rights to join labor unions and engages collaboratively on work regulations.

4. **Contributing to Society:** Engage in initiatives that benefit communities.

Furthermore, the Group is deeply committed to supporting local communities, recognizing the impact of its activities, and strives to address their essential needs. Through initiatives that provide direct, tangible benefits, the Group tackles social issues with responsibility and sensitivity. It supports social solidarity and education programs, donates to vulnerable groups, and participates in the ActionAid Foster Program since 2016. The Group also works to reduce food waste, backing food-related charitable organizations, and contributes to the Stavros Halioris Social Center, which provides educational, cultural, and healthcare support to the local community.

5. **Operating with Integrity**: Uphold ethical standards in all operations.

In terms of corporate governance, the Group promotes transparent and responsible practices that cultivate a culture of trust and effectiveness. Furthermore, there are no confirmed incidents of corruption or bribery, non-regulatory compliance, discrimination, or human rights violations. Additionally, there were no confirmed incidents or complaints regarding breaches of personal data.

6. **Ensuring business continuity:**

The Group remains consistently focused on creating value for all stakeholders and is committed to making a positive contribution, both directly and indirectly, to the communities in which it operates. This is achieved through financial discipline, significant investments that support business continuity, and identifying major opportunities, particularly through the principles of the circular economy.

Financial Statements

P&L | THRACE (€mn)	2023A	2024E	2025E	2026E	2027E	2028E
Turnover	**345.4**	**353.5**	**368.7**	**383.8**	**396.3**	**411.3**
Technical Fabrics	230.8	232.8	237.4	245.7	251.9	258.3
Packaging	125.2	131.2	137.8	145.4	152.7	160.4
Other	5.6	5.6	5.6	5.6	5.6	5.6
(Intersegmental Eliminations)	(16.2)	(16.0)	(12.0)	(13.0)	(14.0)	(13.0)
Cost of goods sold	(268.3)	(273.3)	(281.9)	(294.4)	(303.8)	(314.6)
Gross profit	**77.1**	**80.3**	**86.8**	**89.4**	**92.5**	**96.7**
Operating expenses	(56.4)	(59.8)	(63.6)	(63.3)	(65.2)	(65.6)
Operating profit	**20.7**	**20.5**	**23.2**	**26.1**	**27.3**	**31.1**
Net financial expense	(1.7)	(2.7)	(2.6)	(2.5)	(2.4)	(2.3)
Profit/loss from equity method	2.3	2.4	2.4	2.5	2.5	2.6
Profit before taxes	**21.3**	**20.2**	**23.0**	**26.0**	**27.4**	**31.4**
Tax expenses	(3.0)	(4.3)	(4.9)	(5.5)	(5.8)	(6.7)
Net profit	**18.3**	**15.9**	**18.1**	**20.5**	**21.6**	**24.7**

BALANCE SHEET | THRACE (€mn)	2023A	2024E	2025E	2026E	2027E	2028E
Tangible assets	177.7	184.7	181.7	177.2	171.2	165.1
Intangibles & Goodwill	10.3	10.2	10.2	10.1	9.9	9.8
Other non-current assets	33.7	34.9	36.2	37.5	38.9	40.3
Non-current assets	221.7	229.8	228.1	224.8	220.0	215.2
Inventories	72.0	75.6	78.0	81.4	84.0	87.0
Trade receivables	62.2	58.5	61.0	63.2	65.8	70.6
Cash and Cash Equivalents	41.1	43.4	50.2	57.5	70.1	80.3
Other current assets	9.3	9.3	9.3	9.3	9.3	9.3
Current assets	184.5	186.8	198.5	211.5	229.2	247.2
Total assets	**406.3**	**416.6**	**426.5**	**436.3**	**449.3**	**462.3**
Long-term debt	27.8	29.4	30.6	26.3	29.8	27.5
Other non-current liabilities	12.0	12.0	12.0	12.0	12.0	12.0
Non-current liabilities	39.8	41.4	42.6	38.3	41.8	39.5
Short-term debt	26.6	30.2	27.8	29.1	26.0	26.0
Suppliers	38.5	40.3	41.6	43.4	44.8	46.4
Other current liabilities	24.4	24.4	24.4	24.4	24.4	24.4
Current liabilities	89.4	94.9	93.8	96.9	95.2	96.8
Total liabilities	**129.2**	**136.3**	**136.4**	**135.2**	**137.0**	**136.3**
Total equity	**277.1**	**280.3**	**290.2**	**301.1**	**312.3**	**326.1**

CASHFLOW STATEMENT | THRACE (€mn)	2023A	2024E	2025E	2026E	2027E	2028E
Profit before taxes	21.3	20.2	23.0	26.0	27.4	31.4
Depreciation and amortization	23.4	23.2	24.2	25.1	26.0	27.0
Other non-cash charges	(1.4)	(2.4)	(2.4)	(2.5)	(2.5)	(2.6)
Change in working capital	7.8	1.9	(3.6)	(3.8)	(3.8)	(6.1)
Taxes paid	(2.9)	(4.3)	(4.9)	(5.5)	(5.8)	(6.7)
CFO	**48.1**	**38.6**	**36.3**	**39.3**	**41.2**	**42.9**
Capital expenditures	(30.0)	(30.1)	(21.2)	(20.6)	(19.9)	(20.7)
Other	1.6	1.8	1.8	1.8	1.8	1.8
CFI	**(28.4)**	**(28.3)**	**(19.4)**	**(18.8)**	**(18.1)**	**(18.9)**
Dividends paid	(14.4)	(13.3)	(8.9)	(10.2)	(11.0)	(11.5)
Other	(4.5)	5.3	(1.2)	(3.0)	0.4	(2.3)
CFF	**(18.9)**	**(8.0)**	**(10.1)**	**(13.2)**	**(10.6)**	**(13.8)**
Change in Cash	**0.8**	**2.3**	**6.8**	**7.3**	**12.6**	**10.2**

RATIO ANALYSIS	2023A	2024E	2025E	2026E	2027E	2028E
PROFITABILITY						
Gross Margin	22.3%	23.8%	24.6%	24.3%	24.3%	24.4%
Operating Margin	6.0%	5.8%	6.3%	6.8%	6.9%	7.6%
Pretax Margin	6.2%	5.7%	6.2%	6.8%	6.9%	7.6%
Net Margin	5.3%	4.5%	4.9%	5.3%	5.4%	6.0%
Capex To Sales	8.7%	8.5%	5.7%	5.4%	5.0%	5.0%
Return on Assets	4.5%	3.9%	4.3%	4.8%	4.9%	5.4%
Return on Invested Capital	6.5%	6.7%	6.9%	7.7%	8.1%	9.3%
Return on Common Equity	7.7%	7.1%	7.8%	8.5%	8.6%	9.6%
VALUATION						
Price/Sales	0.46	0.45	0.43	0.42	0.40	0.39
Price/Earnings	8.75	10.10	8.84	7.82	7.44	6.49
Price/Book Value	0.57	0.57	0.55	0.53	0.51	0.49
Price/Tangible Book Value	0.54	0.53	0.51	0.50	0.48	0.46
Dividend Yield (%)	6.4%	5.5%	6.3%	6.8%	7.2%	7.2%
Enterprise Value/EBITDA	4.1	4.2	3.7	3.2	2.9	2.5
Enterprise Value/Sales	0.52	0.52	0.48	0.43	0.39	0.35
DUPONT ANALYSIS						
Asset Turnover	0.85x	0.86x	0.87x	0.89x	0.89x	0.90x
x Pretax Margin	6.2%	5.7%	6.2%	6.8%	6.9%	7.6%
= Pretax Return on Assets	5.3%	4.9%	5.5%	6.0%	6.2%	6.9%
x Tax Rate Complement (1-Tax Rate)	86%	79%	79%	79%	79%	79%
= Return on Assets	4.5%	3.9%	4.3%	4.8%	4.9%	5.4%
x Equity Multiplier (Assets/Equity)	1.5	1.5	1.5	1.4	1.4	1.4
= Return on Equity	6.7%	5.7%	6.3%	6.9%	7.0%	7.7%

OPERATING EFFICIENCY						
Receivables Turnover	5.44x	5.86x	6.17x	6.18x	6.14x	6.03x
Inventory Turnover	4.65x	4.79x	4.80x	4.82x	4.79x	4.81x
Payables Turnover	6.78x	6.85x	6.80x	6.84x	6.81x	6.82x
Asset Turnover	0.85x	0.86x	0.87x	0.89x	0.89x	0.90x
Operating Cycle - Days						
Days of Inventory on Hand	78.4	76.2	76.0	75.8	76.2	75.9
+ Days of Sales Outstanding	67.1	62.3	59.2	59.1	59.4	60.5
= Operating Cycle	145.5	138.5	135.2	134.9	135.6	136.4
- Days of Payables Outstanding	53.8	53.3	53.7	53.3	53.6	53.5
= Net Operating Cycle	91.7	85.2	81.5	81.5	82.0	82.9

LIQUIDITY						
Current Ratio	2.1x	2.0x	2.1x	2.2x	2.4x	2.6x
Quick Ratio	1.3x	1.2x	1.3x	1.3x	1.5x	1.7x
Cash Ratio	0.5x	0.5x	0.5x	0.6x	0.7x	0.8x

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RESEARCH	research@piraeus-sec.gr	
Natasha Roumantzi	nroumantzi@piraeus-sec.gr	+30 210 3354065
Iakovos Kourtesis	kourtesis@piraeus-sec.gr	+30 210 3354083
Vassilis Roumantzis	vroumantzis@piraeus-sec.gr	+30 210 3354057
George Vrekos	vrekosg@piraeus-sec.gr	+30 210 3354067
SALES/ TRADING		
Yorgi Papazisis	PapazisisG@piraeus-sec.gr	+30 210 3354063
Alexandros Malamas	malamasa@piraeus-sec.gr	+30 210 3354041
Konstantinos Nikolaidis	knikolaidis@piraeus-sec.gr	+30 210 3354141
Thanos Ipirotis	IpirotisA@piraeus-sec.gr	+30 210 3354040
Ilias Dionysopoulos	idionysopoulos@piraeus-sec.gr	+30 210 3354042

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