

COMPANY CONTACT AFTER H1 2022/2023 RESULTS

**RECOVERY CONFIRMED, FOCUS TURNS TO DELEVERAGING**

The 2021/22 earnings were impacted by Covid and supply chain problems, but in H1 22/23, sales rebounded sharply (+50% lfl), with momentum accelerating even more than the booking in H2 21/22 implied. This was further proof of the wisdom of Quadpack's strategy including its strong emphasis on ESG (local production vs. sourcing from Asia, use of recycled materials or plastic alternatives...). With recovery underway, the management, strengthened in September by the appointment of A. Chauvigné as CEO (25 years of experience in the industry), will be able to turn its focus to margin recovery and debt reduction, with the aim of ending 202/24e with ND excl. IFRS 16 of less than €40m and 2.5x EBITDA. After making minor changes to our estimates and revising our TP to €29 (from €30), we remain BUYERS.

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Sales rebound confirmed in H1 22/23

Quadpack yesterday reported results for the first half of its fiscal year ended July 31. Order intake in H2 21/22 (+45% to €65.5m) pointed to robust business growth in H1 22/23, and that was indeed the case, with sales ending the period at €73.9m (+58%; +50% lfl), beating our €65.0m estimate. This confirms the wisdom of the company's positioning and decision to make ESG the cornerstone of its strategy (local production vs. sourcing from Asia, use of recycled products or plastic alternatives, etc.).

Order intake was also robust in H1 22/23 (+23% to €78m), proof that the H2 21/22 rebound was not a one-off and that demand can be expected to remain buoyant over the coming years. Management indicated to us that the orders booked since September would serve to shore up sales not in H2 22/23 but in 2023/24.

Focus is now on profitability and debt reduction

Despite the solid H1 sales performance, profitability, while sharply improved (reported EBITDA margin +1.8pt to 9.3%), missed management's targets. Another source of dissatisfaction was the increase in Net Debt excluding IFRS 16 (+€5.6m to €49.8m), reflecting the rise in WCR (+€7.1m) driven by the robust sales rebound.

With a return to growth considered locked in, management will now turn its attention to increasing profitability and reducing debt, and expects its efforts to start producing results in H2 22/23. It believes that margin growth, combined with tight control of WCR and capex, will bring debt excluding IFRS 16 back below €40m and 2.5x EBITDA by the end of 2023/24e, which would take some pressure off the balance sheet.

Target price revised to €29 (vs. €30) – Still a BUY

We have revised our TP, which corresponds to the average of our DCF analysis and peer comparison, to €29 (from €30), mostly because of the decline in the valuations of Quadpack's comparables since the start of the year (including -36% for Groupe Guillin). Given the considerable upside potential remaining (+46%) and the good momentum the company has found, we remain BUYERS of the stock.

.../...

Invest Securities and the issuer have signed an analyst coverage agreement

in € / share	22/23e	23/24e	24/25e
Adjusted EPS	0,59	1,13	1,68
chg.	n.s.	+91,7%	+48,4%
estimates chg.	-7,2%	-12,4%	-9,8%
au 31/01	22/23e	23/24e	24/25e
PE	33,8x	17,6x	11,9x
EV/Sales	0,9x	0,8x	0,7x
EV/Adjusted EBITDA	11,5x	8,2x	6,2x
EV/Adjusted EBITA	26,3x	15,2x	10,0x
FCF yield*	3,9%	6,0%	8,6%
Div. yield (%)	n.s.	n.s.	n.s.

\* After tax op. FCF before WCR

key points	1m	3m	Ytd
Closing share price 22/11/2022			19,90
Number of Shares (m)			4,4
Market cap. (€m)			87
Free float (€m)			7
ISIN			ES0105118006
Ticker			ALQP-FR
DJ Sector			Producer Manufacturing
Absolute perf.	-11,2%	-14,2%	-16,4%
Relative perf.	-17,5%	-12,9%	-2,4%

Source : Factset, Invest Securities estimates

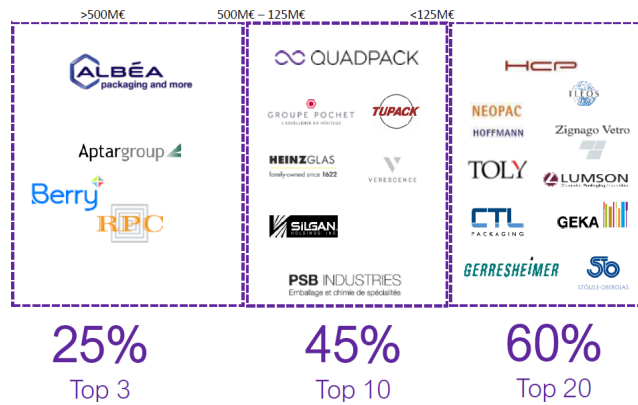
Background: One of Europe's 10 leading cosmetics packaging suppliers

Founded in 2003, Quadpack specializes in cosmetics packaging. Operating in a €20bn market (10% of the global cosmetics market) that is dominated by companies like Albea, Aptargroup, Berry and RPC, this Spanish firm counts among Europe's ten leading players alongside Tupack, Groupe Pochet, Heinzglas, Verescence, Silgan and PSB Industries. While it works with cosmetics giants like L'Oréal, Estée Lauder, Shiseido and Beiersdorf, Quadpack's core market is mid-sized companies (€50m to €1bn of sales) including L'Occitane, Kiko Milano, Rituals and ISDIN – clients that allow it to optimize its profitability.

Competitive universe for Quadpack

Market | Competitors

- European packaging market accounts for 33% or €6.5Billions of the total market.



As of 2019, Quadpack is inside the **Top 10** European cosmetic packaging suppliers

Source: Quadpack

Quadpack has historically focused on packaging for skincare products (67% of H1 22/23 sales), but it has expanded its offering to include makeup (19%) and perfume (9%). This allows it to better address the needs of clients who are active in all three markets. It thus has a broad product range that includes airless containers (prevents any contact between the product and the outside air to protect it from oxidation), plastic jars made through injection molding, glass jars and bottles, wood packaging... In addition to making containers, Quadpack also offers decorating and finishing services (serigraphy, laser etching, hot stamping) to deliver finished products to its clients and keep most of the value-added in the packaging for itself.

In terms of business model, Quadpack has profoundly modified its strategy over the years. When it was founded in 2003, the company specialized in sourcing from Eastern Europe and Asia and reselling its products almost exclusively to small- and mid-sized European companies active in the skincare mass market. Its 2013 takeover of Technotraf Wood Packaging (wood-based packaging) allowed it to adopt an industrial strategy. Quadpack has since made five more acquisitions (Kamprak in 2014, Rinaplast in 2016, Louvrette and Inotech in 2019 and Wicklein in 2021) to bolster its production capacity in Europe (notably in Germany) and reduce its dependence on Asian suppliers. The Sourcing business accounted for almost 100% of sales in 2013/14, but its share was just 55% in 2021/22, with Manufacturing contributing the other 45%. And this shift is bound to continue over the coming years fueled by the COVID crisis (and its impacts on the supply chain) and consumers' increasing demand for local and more responsible production, confirming the wisdom of the company's strategy.

### Governance strengthened by the hiring of a new CEO

On September 13<sup>th</sup> of this year, Quadpack named Alexandra Chauvigné as its new Chief Executive Officer effective September 1. She succeeded co-founder Tim Eaves, who remains chairman of the board. The change was in keeping with good governance practices, which call for a separation of the CEO and board chair positions in order to improve transparency and accountability. It also allows Eaves to devote more time to social and environmental responsibility initiatives in the newly created role of Chief Impact Officer.

Chauvigné has considerable leadership experience in the packaging industry after a 25-year career. She previously served as General Manager of the Consumer Packaging division of DS Smith, a global supplier of sustainable cardboard (2021/22 sales of £7.24bn). Between 2011 and 2020, she held various executive positions at Aptar, a global leader in dispensing packaging solutions: Vice President and General Manager for skincare and color cosmetics from 2018 to 2020 and, prior to that (2011-17), President, global market development for the beauty business. Her expertise in product strategy and production optimization will be great assets to Quadpack with its current focus on these two areas.

### ESG: Pursuing a strategy that is paying dividends

For several years now, Quadpack has made ESG a cornerstone of its strategy, notably setting targets for the recyclability of its products and the carbon footprint of its industrial facilities. Additionally, its efforts to manufacture more of its own products (45% of 2021/22 sales) at its sites in Europe and the US (six facilities of which three in Spain, two in Germany and one in the US), rather than source them from Asia, is proving quite popular with clients that are also being pressured by consumers. Likewise, the use of plastic alternatives for cosmetics packaging (wood, metal, bio-sourced polymers) is perfectly in keeping with the times and will do a great deal to set the company apart.

As proof of its commitment to ESG, and as we mentioned in our previous report, Quadpack has achieved B Corp status with an overall score of 81.2, well above the industry average of 50.9. Importantly, it is the first cosmetics packaging company to earn this certification. Beyond social and governance criteria, the company has mostly stood out for its environmental practices, thanks to the initiatives taken to reduce energy use (inauguration of a biomass plant in Spain), consume less water, and reduce and recycle waste, among other efforts.

In H1 22/23, Quadpack took different actions to support this strategy, for instance launching a stick for solid formulas with a PCR content of up to 42% and a refillable lipstick in a container that Quadpack makes with wood from sustainably-managed forests.

**In sum, Quadpack is continuing to step up its ESG initiatives, believing that this will be a key differentiating factor in its industry and give it an increasingly large competitive edge going forward. Considering the commitments cosmetics giants have made on this front (e.g. L'Oréal's 2030 Plan and Beiersdorf's targets for 2025-30), we find this strategy smart, and see it as a source of opportunities.**

### Business rebounded sharply in H1 22/23...

The H1 2022/23 earnings (February-July) reported on November 22<sup>th</sup> showed a sharp uptick in sales growth that surpassed our expectation and what H2 21/22 order intake had suggested. It should be recalled that the FY 2021/22 results had been impacted by Covid and supply chain disruptions that prevented Quadpack from fulfilling all of its orders.

H1 22/23 sales came in at €73.9m (+58%; +50% lfl), topping our €65.0m estimate. Beyond the contribution from Wicklein, which added 8pts (consolidation scope effect), sales momentum was impressive and much stronger than what order intake pointed to in H2 21/22 (€65.5m). Gains were especially noteworthy at the Sourcing division (+68% LfL to €43.2m); sales at the Manufacturing business “only” rose by 29% LfL to €30.8m. Note that this growth was driven almost exclusively by volumes; prices were only hiked moderately to offset cost inflation, and the impact of those increases will likely only be felt from H2 22/23. In terms of products, while growth was strong across the board, the rebound in Makeup was particularly impressive (+222% to €13.9m) and lifted that segment’s share of total sales to 19% (from 9% in H1 21/22).

**H1 22/23 results**

<b>in m€ (ended 31/07)</b> <b>published figures</b>	<b>S1 21/22</b> <b>published</b>	<b>published</b>	<b>S1 22/23</b> <b>IS Estimates</b>	<b>diff.</b>
Revenue	46,7	73,9	65,0	+14%
<i>lfl change</i>	-14%	+50%	+32%	
<i>change</i>	-15%	+58%	+39%	
Published EBITDA	3,5	6,9	6,5	+6%
<i>change</i>	-12%	+96%	+85%	
EBITDA margin	7,5%	9,3%	10,0%	
EBIT	-0,3	2,8	2,3	+23%
Net Profit	-0,9	1,5	1,1	+37%

Source : Quadpack, IS estimates

<b>in m€ (ended 31/01)</b> <b>Adjusted figures</b>	<b>S1 21/22</b> <b>published</b>	<b>published</b>	<b>S1 22/23</b> <b>IS Estimates</b>	<b>diff.</b>
Revenue	46,7	73,9	65,0	+14%
<i>lfl change</i>	-14%	+50%	+32%	
<i>change</i>	-15%	+58%	+39%	
Adjusted EBITDA	2,5	6,2	5,8	+7%
<i>change</i>	-17%	+152%	+136%	
Adj. EBITDA margin	5,3%	8,4%	9,0%	
Adjusted EBIT	-0,3	3,2	2,6	+25%
Adjusted Net Profit	-1,0	1,9	1,3	+46%

Source : Quadpack, IS estimates

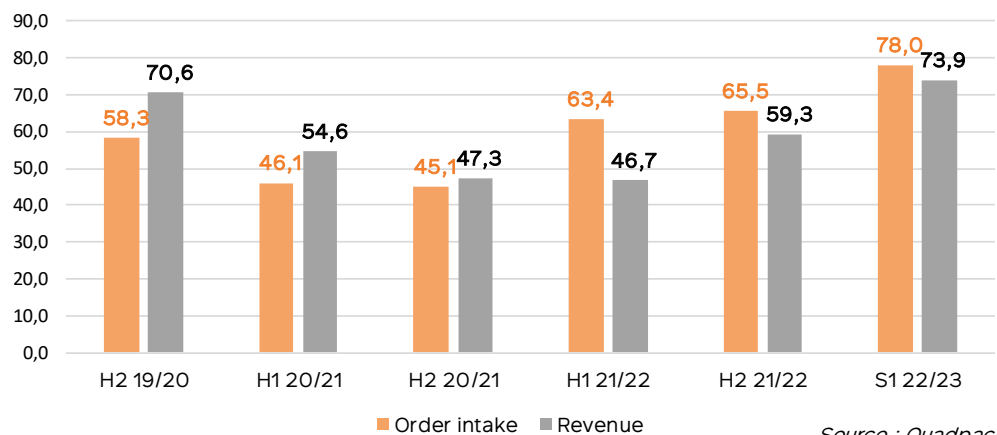
Robust sales translated into earnings growth as well, though profitability just missed our expectations due to the sales mix (Sourcing vs. Manufacturing) and the limited margin growth recorded in Manufacturing. Reported EBITDA jumped 96% to €6.9m, beating our €6.5m estimate and lifting EBITDA margin to 9.3% (+1.8pt) whereas we were looking for 10.0%. EBIT reached €2.8m (vs. -€0.3m in H1 21/22), topping our €2.3m estimate, and net attributable income came in at €1.5m (vs. -€0.9m in H1 21/22), again exceeding our expectation (€1.1m). Restating for IFRS 16, adjusted EBITDA came in at €6.2m (+152%) vs. our €5.8m estimate, adjusted EBITDA margin was 8.4% (+3.1pts) vs. our 9.0% expectation, and adjusted net income was €1.9m (vs. -€1.0m in H1 21/22), whereas our estimate was for €1.3m.

Looking at the individual divisions, Sourcing posted an impressive EBITDA margin of 9.7% (+4.3pts), beating our 7.0% estimate, as a favorable product mix and very strong volume growth allowed the company to leverage its fixed cost structure and move the business toward normative profitability (10-11% margin). On the other hand, EBITDA margin at the Manufacturing activity disappointed at 8.8% (-1.3pt), missing our 12.0% estimate, due to the lag between cost inflation and selling price increases, and the fact that the industrial facilities were not operating at full capacity over the full six-month period following the addition of new capacity (+40% at the Louvrette facility for instance). The startup of the Decorations activities (€1m investment) and the price increases passed will in theory drive EBITDA margin above 10% starting in H2 22/23.

... and momentum is likely to remain strong in H2 22/23 and beyond

We expect sales growth to remain robust beyond H1, though the comparison basis will gradually become less favorable. Order intake reached €78m in H1 22/23 (+20% from H2 21/22), which could imply H2 sales of the same order of magnitude and FY 2022/23 sales of more than €150m. Nonetheless, management told us that sales would likely be less buoyant in the second half of 2022/23 since some of the orders booked in H1 are only expected to be fulfilled in 2023/24.

Quadpack: Trend in sales and order intake



Source : Quadpack

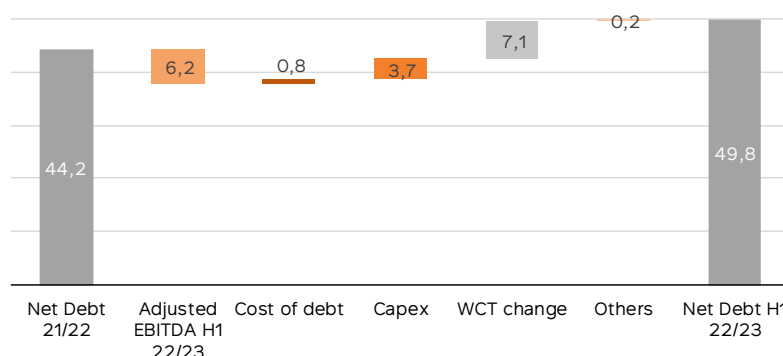
Be that as it may, problems stemming from the health crisis and supply chain disruptions clearly appear to be resolved, and visibility on Quadpack's sales is improving, confirming the wisdom of its positioning.

Margin growth and debt reduction now the top priorities

With concerns about whether business would pick up behind it, management is now focusing on three priorities: (i) improve profitability, (ii) optimize WCR and (iii) reduce debt. The latter will in our view be the biggest challenge.

Indeed, while the company's results improved sharply in H1 22/23, with adjusted EBITDA reaching €6.2m, net debt rose as working capital requirements increased (-€7.1m) to support sales growth and cover the last of the investments required to add more production capacity (H1 22/23 capex of €3.7m). Excluding IFRS 16 adjustments, net debt ended July at €49.8m, up from €44.2m at the end of January. Factoring in lease liabilities, net debt ended the period at €53.6m (+€5.6m), or 3.9x reported EBITDA. While this situation is not cause for alarm, especially as a good portion of the debt is being used to finance working capital (€24m at end-July), management is aware that debt reduction is a necessity.

Trend in Net Debt (excluding IFRS 16)



Source : Quadpack

Management told us it would focus on the areas below to start reducing debt in H2 22/23:

- Improve profitability by streamlining costs, especially at the Manufacturing business, and take advantage of the newly added production capacity and increased retention of value added (addition of decorations on packaging, for instance).
- Optimize WCR, which increased in H1 22/23 to 68 days of sales from 59 at the end of 2021/22, as the company worked to build up inventory and thus ensure that supply chain problems would not hinder business recovery.
- Return capex to normal levels after a period of steep investments in capacity to bolster in-house production. Capex should reach €5-6m in FY 2022/23 and 2023/24, after €3.7m in H1.

By this logic, Net Debt including lease liabilities should, according to our estimates, drop from €53.6m at end-July 2022 to €49.2m at end-January 2023 (3.6x EBITDA) and then to €42m by end-January 2024 (2.4x EBITDA). Once debt reduction is underway, we expect the company to refinance its balance sheet to ensure that it can fund its growth over the coming years.

### Minor adjustments to our 2022/23 and 2023/24 estimates

Based on the H1 numbers, and acknowledging our concerns about the economic climate, we have raised our sales estimates to take on board the strong showing by the Sourcing division but revised our earnings estimates down slightly since slower-than-anticipated margin recovery at the Manufacturing division dragged down profitability. Our model nonetheless still shows more robust sales and earnings growth ahead, combined, as mentioned above, with considerable debt reduction starting in H2 22/23.

### IS estimates for 2022/23 and 2023/24: Revisions

In m€ (ended 31/01)	2021/22	2022/23e			2023/24e		
Adjusted figures	published	New	Prev	Change	New	Prev	Change
Revenue	106,4	140,5	129,6	+8%	155,7	148,9	+5%
<i>lfl change</i>	+2%	+28%	+18%		+11%	#REF!	
<i>change</i>	+4%	+32%	+22%		+11%	+15%	
Adjusted EBITDA	6,1	11,6	11,8	-2%	15,3	#REF!	#REF!
<i>change</i>	-6%	+90%	+95%		+32%	#REF!	
Adj. EBITDA margin	5,7%	8,2%	9,1%		9,8%	#REF!	
Adjusted EBIT	0,0	5,1	5,3	-5%	8,2	#REF!	#REF!
Adjusted Net Profit	-1,2	2,6	2,78	-7%	4,9	5,7	-12%

Source : Quadpack, IS estimates

### Target price revised to €29 (from €30), still a BUY

Our target price for Quadpack corresponds to the average of a DCF valuation and peer comparison. The result is a target of €29 (vs. €30 previously). Considering the significant potential (+46%) and the positive momentum, we reiterate our BUY opinion.

- The valuation resulting from our peer comparison moves down to €28.2 (from €32), reflecting the derating of the industry due in large part to the collapse since the start of the year in the share prices of Guillin (-33%) and U10 Corp (-35%).

### Quadpack's peers

QUADPACK vs Peers	Sh. price (€)	Mark. Cap. (m€)	chg.		PE		EV/CA		EV/EBITDA publié	
			1 month	ytd	22e	23e	22e	23e	22e	23e
AptarGroup, Inc.	106,0	6 920	+9%	-13%	29,2x	28,1x	2,4x	2,4x	12,9x	12,4x
TFF Group	35,4	767	+4%	+26%	17,8x	16,8x	2,4x	2,3x	12,3x	11,3x
Groupe Guillin SA	18,1	335	+0%	-33%	7,2x	6,4x	0,5x	0,4x	4,1x	3,4x
Oeneo SA	13,8	886	-1%	+0%	22,6x	19,9x	2,6x	2,5x	12,8x	11,4x
U10 Corp SA	1,2	21	-8%	-35%	ns	12,5x	0,3x	0,3x	14,3x	9,6x
<b>Average</b>			<b>+1%</b>	<b>-11%</b>	<b>19,2x</b>	<b>16,7x</b>	<b>1,7x</b>	<b>1,6x</b>	<b>11,3x</b>	<b>9,6x</b>
<b>QUADPACK</b>	<b>19,90</b>	<b>87</b>	<b>-11%</b>	<b>-16%</b>	<b>33,8x</b>	<b>17,6x</b>	<b>1,0x</b>	<b>0,8x</b>	<b>10,1x</b>	<b>7,4x</b>
Potentiel théorique					-43%	-5%	+109%	+123%	+19%	+34%

Source : Factset / Invest Securities

- Our DCF analysis yields a TP of €29.8 (vs. €28.8 before), with an increased WACC (10.38% vs. 9.92%) being more than offset by the six-month shift in the model.

### Quadpack's DCF Valuation

DCF	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Sales	106	140	156	173	190	206	220	232	242	249	253
cha.	+4,3%	+32,1%	+10,9%	+11,1%	+9,7%	+8,4%	+7,0%	+5,6%	+4,2%	+2,9%	+1,5%
Adjusted EBITDA	6,1	11,6	15,3	18,7	21,7	24,7	27,8	30,7	33,5	35,9	38,0
Adj. EBITDA margin	5,7%	8,2%	9,8%	10,8%	11,4%	12,0%	12,6%	13,2%	13,8%	14,4%	15,0%
Capex	-5,0	-5,0	-5,5	-5,5	-6,0	-6,4	-6,8	-7,2	-7,4	-7,5	-7,6
in % of sales	-4,7%	-3,6%	-3,5%	-3,2%	-3,2%	-3,1%	-3,1%	-3,1%	-3,1%	-3,0%	-3,0%
Adjusted Depreciation	-6,1	-6,5	-7,1	-7,1	-7,5	-7,8	-8,0	-8,1	-8,0	-7,9	-7,6
in % of sales	-5,7%	-4,6%	-4,6%	-4,1%	-3,9%	-3,8%	-3,6%	-3,5%	-3,3%	-3,2%	-3,0%
WCR	17,6	23,2	21,8	22,4	23,8	24,9	25,7	26,2	26,3	26,0	25,3
WCR / Sales (%)	16,6%	16,5%	14,0%	12,9%	12,5%	12,1%	11,7%	11,3%	10,8%	10,4%	10,0%
Corp. tax	-28%	-28%	-28%	-28%	-28%	-28%	-28%	-28%	-28%	-28%	-28%
<b>Summary</b>											
EBITDA	6,1	11,6	15,3	18,7	21,7	24,7	27,8	30,7	33,5	35,9	38,0
Corp. tax	0,0	-1,4	-2,3	-3,3	-4,0	-4,7	-5,5	-6,3	-7,1	-7,9	-8,5
Capex	-5,0	-5,0	-5,5	-5,5	-6,0	-6,4	-6,8	-7,2	-7,4	-7,5	-7,6
Change in WCR	-1,4	-5,6	1,4	-0,6	-1,4	-1,1	-0,8	-0,5	-0,1	0,3	0,7
Op. FCF aft. WCR	-0,3	-0,4	9,0	9,4	10,3	12,4	14,6	16,7	18,9	20,8	22,5
<b>Discounted Op. FCF</b>		-0,4	7,7	7,3	7,3	7,9	8,4	8,8	9,0	9,0	8,8

Source : IS estimates

		WACC						
		8,9%	9,4%	9,9%	10,4%	10,9%	11,4%	11,9%
LT Growth	+0,5%	35,7	32,6	29,8	27,3	25,1	23,0	21,2
	+1,0%	37,6	34,2	31,2	28,5	26,1	24,0	22,0
	<b>+1,5%</b>	39,7	36,0	32,7	<b>29,8</b>	27,3	25,0	22,9
	+2,0%	42,2	38,1	34,5	31,3	28,5	26,1	23,9
	+2,5%	45,0	40,4	36,5	33,0	30,0	27,3	24,9

Source : Invest Securities

## FINANCIAL DATA

Share information	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Published EPS (€)	1,45	0,97	0,92	-0,36	-0,53	0,58	1,12	1,70
<b>Adjusted EPS (€)</b>	<b>1,36</b>	<b>1,08</b>	<b>1,14</b>	<b>-0,11</b>	<b>-0,26</b>	<b>0,59</b>	<b>1,13</b>	<b>1,68</b>
<i>Diff. I.S. vs Consensus</i>	<i>n.d.</i>	<i>n.d.</i>	<i>n.d.</i>	<i>n.d.</i>	<i>n.d.</i>	<i>n.d.</i>	<i>n.d.</i>	<i>n.d.</i>
Dividend	0,45	0,38	0,36	0,00	0,00	0,00	0,00	0,25

Valuation ratios	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
P/E	13,9x	24,0x	23,3x	n.s.	n.s.	33,8x	17,6x	11,9x
EV/Sales	0,95x	0,97x	1,12x	1,65x	1,45x	0,95x	0,80x	0,67x
EV/Adjusted EBITDA	9,7x	12,6x	12,8x	26,2x	25,5x	11,5x	8,2x	6,2x
EV/Adjusted EBITA	11,2x	16,1x	19,0x	160,2x	14041,6x	26,3x	15,2x	10,0x
Op. FCF bef. WCR yield	3,6%	1,9%	2,2%	0,4%	0,7%	3,9%	6,0%	8,6%
Op. FCF yield	n.s.	8,0%	3,2%	2,2%	n.s.	n.s.	7,2%	8,0%
Div. yield (%)	n.s.	1,7%	1,4%	1,2%	n.s.	n.s.	n.s.	n.s.

NB : valuation based on annual average price for past exercise

Entreprise Value (€m)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Share price in €	18,8	26,0	26,5	30,6	25,2	19,9	19,9	19,9
Market cap.	75	99	107	132	110	87	87	87
Net Debt	11	2	36	36	44	46	38	29
Minorities	1	1	5	1	0	0	0	0
Provisions/ near-debt	0	0	0	1	1	1	1	1
+/- Adjustments	-1	0	-1	-1	-1	-1	-1	-1
<b>Entreprise Value (EV)</b>	<b>86</b>	<b>102</b>	<b>147</b>	<b>168</b>	<b>154</b>	<b>133</b>	<b>125</b>	<b>116</b>

Income statement (€m)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Sales	90,7	104,7	131,0	102,0	106,4	140,5	155,7	173,0
<i>chg.</i>	<i>+29%</i>	<i>+15%</i>	<i>+25%</i>	<i>-22%</i>	<i>+4%</i>	<i>+32%</i>	<i>+11%</i>	<i>+11%</i>
Adj. EBITDA	8,8	8,1	11,5	6,4	6,1	11,6	15,3	18,7
<b>Adj. EBITA</b>	<b>7,7</b>	<b>6,3</b>	<b>7,7</b>	<b>1,1</b>	<b>0,0</b>	<b>5,1</b>	<b>8,2</b>	<b>11,6</b>
<i>chg.</i>	<i>+32%</i>	<i>-18%</i>	<i>+22%</i>	<i>-86%</i>	<i>n.s.</i>	<i>n.s.</i>	<i>+62%</i>	<i>+42%</i>
EBIT	7,7	6,5	7,1	0,2	-1,0	5,1	8,2	11,8
Financial result	-0,9	-1,4	-1,8	-2,3	-1,7	-1,5	-1,4	-1,5
Corp. tax	-1,3	-1,4	-1,4	0,8	0,1	-1,0	-1,9	-2,9
Minorities+affiliates	0,0	0,0	-0,2	-0,2	0,3	0,0	0,0	0,0
Net attributable profit	5,5	3,7	3,7	-1,5	-2,3	2,5	4,9	7,4
<b>Adjusted net att. profit</b>	<b>5,4</b>	<b>4,1</b>	<b>4,6</b>	<b>-0,5</b>	<b>-1,2</b>	<b>2,6</b>	<b>4,9</b>	<b>7,3</b>
<i>chg.</i>	<i>+40%</i>	<i>-23%</i>	<i>+11%</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>+92%</i>	<i>+48%</i>

Cash flow statement (€m)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Adjusted EBITDA	8,8	8,1	11,5	6,4	6,1	11,6	15,3	18,7
Theoretical Tax / EBITA	-2,2	-1,8	-2,2	-0,3	0,0	-1,4	-2,3	-3,3
Capex	-3,5	-4,4	-6,0	-5,4	-5,0	-5,0	-5,5	-5,5
<b>Operating FCF bef. WCR</b>	<b>3,1</b>	<b>1,9</b>	<b>3,3</b>	<b>0,7</b>	<b>1,1</b>	<b>5,1</b>	<b>7,5</b>	<b>10,0</b>
Change in WCR	-9,3	6,2	1,4	2,9	-1,4	-5,6	1,4	-0,6
<b>Operating FCF</b>	<b>-6,1</b>	<b>8,1</b>	<b>4,7</b>	<b>3,6</b>	<b>-0,3</b>	<b>-0,4</b>	<b>9,0</b>	<b>9,4</b>
Acquisitions/disposals	0,0	-0,5	-45,1	0,0	-4,0	0,0	0,0	0,0
Capital increase/decrease	0,0	0,0	13,7	-0,2	0,1	0,0	0,0	0,0
Dividends paid	-1,4	-1,1	-1,2	0,0	-0,8	0,0	0,0	0,0
Other adjustments	-2,7	2,1	-5,9	-3,3	-3,1	-1,0	-0,9	-1,1
<b>Published Cash-Flow</b>	<b>-10,2</b>	<b>8,6</b>	<b>-33,7</b>	<b>0,2</b>	<b>-8,1</b>	<b>-1,5</b>	<b>8,0</b>	<b>8,3</b>

Balance Sheet (€m)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Assets	13,8	16,1	57,0	57,1	62,3	60,7	59,1	57,6
Intangible assets/GW	6,0	5,7	32,8	33,4	36,3	36,4	35,9	35,4
WCR	16,3	10,4	19,0	16,6	17,6	23,2	21,8	22,4
Group equity capital	18,3	23,5	35,0	36,5	34,7	37,3	42,2	49,6
Minority shareholders	0,6	0,5	4,6	0,5	0,2	0,2	0,2	0,2
Provisions	0,1	0,1	0,1	0,6	0,8	0,8	0,8	0,8
<b>Net financial debt</b>	<b>11,0</b>	<b>2,4</b>	<b>36,2</b>	<b>36,1</b>	<b>44,2</b>	<b>45,7</b>	<b>37,7</b>	<b>29,4</b>

Financial ratios	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23e	2023/24e	2024/25e
Adjusted EBITDA margin	9,7%	7,7%	8,8%	6,3%	5,7%	8,2%	9,8%	10,8%
Adj. EBITA margin	8,5%	6,0%	5,9%	1,0%	0,0%	3,6%	5,3%	6,7%
Adjusted Net Profit/Sales	5,9%	3,9%	3,5%	n.s.	n.s.	1,8%	3,2%	4,2%
ROCE	25,6%	23,8%	10,2%	1,4%	0,0%	6,0%	10,1%	14,5%
ROE adjusted	29,4%	17,6%	13,1%	n.s.	n.s.	6,9%	11,7%	14,8%
Gearing	60,3%	10,2%	103,6%	98,9%	127,2%	122,6%	89,3%	59,2%
ND/Adjusted EBITDA (in x)	1,3x	0,3x	3,2x	5,6x	7,3x	4,0x	2,5x	1,6x

Source : company, Invest Securities Estimates



## INVESTMENT CASE

Founded in 2003, Quadpack specializes in cosmetics products packaging. The group initially focused on sourcing and essentially distributed airless products manufactured by the Korean company Yonwoo. The group then gradually streamlined its structures and at the same time began to develop in value-added services. This shift accelerated with the acquisition of production plants that have now made Quadpack a hybrid European group straddling industrial and sourcing models. As such, Quadpack currently meets the needs of all its clients up to the largest cosmetics groups by offering original products that can be delivered rapidly while responding to ecological challenges.

## SWOT ANALYSIS

### STRENGTHS

- Hybrid positioning between sourcing and industrial models
- Operational industrial capacity in Europe with significant residual production capacities
- Innovative player able to produce top of the line customized products responding to ecological challenges

### OPPORTUNITIES

- Ability to offer its customers innovative and ecological top of the line products
- Response to the post-Covid recovery in consumer spending
- Acceleration in development in the United States and Asia thanks to original offers
- Positioning centered on the structurally growing skincare market

### WEAKNESSES

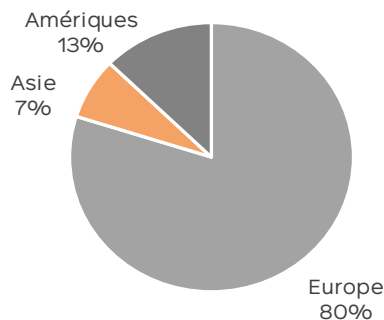
- Still modest size compared to the major players in cosmetics packaging
- Still highly European presence

### THREATS

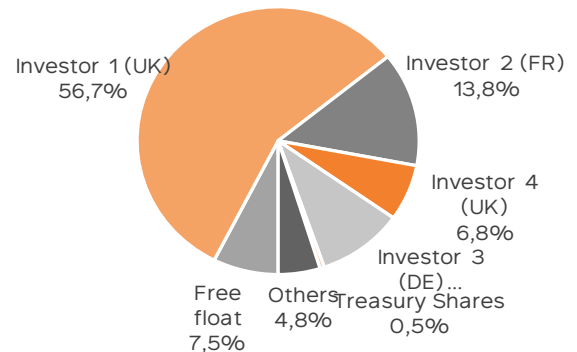
- Cosmetics players bringing packaging production in-house
- Slowdown on the world cosmetics market
- Poor execution of the strategy of rapid growth

## ADDITIONAL INFORMATION

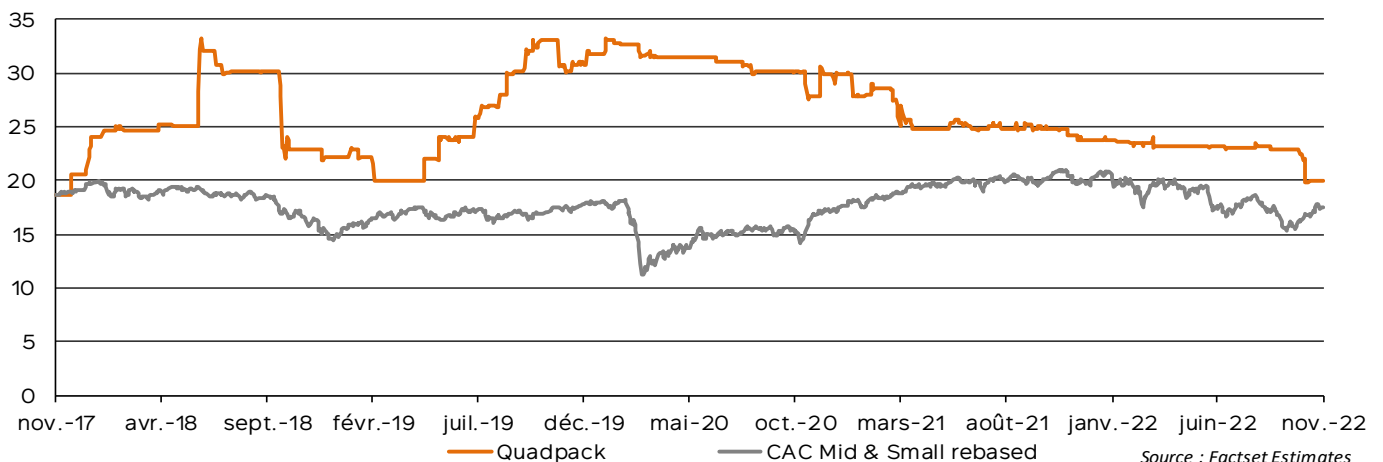
### Sales Breakdown 2021/22



### Shareholders



## SHARE PRICE CHANGE FOR 5 YEARS



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## TARGET PRICE AND RECOMMENDATION

Our analyst ratings are dependent on the expected absolute performance of the stock on a 6- to 12-month horizon. They are based on the company’s risk profile and the target price set by the analyst, which takes into account exogenous factors related to the market environment that may vary considerably. The Invest Securities analysis office sets target prices based on a multi-criteria fundamental analysis, including, but not limited to, discounted cash flows, comparisons based on peer companies or transaction multiples, sum-of-the-parts value, restated net asset value, discounted dividends.

Ratings assigned by the Invest Securities analysis office are defined as follows:

- BUY: Upside potential of more than 10% (the minimum upside required may be revised upward depending on the company’s risk profile)
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- TENDER or DO NOT TENDER: Recommendations used when a public offer has been made for the issuer (takeover bid, public exchange offer, squeeze-out, etc.)
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## 12-MONTH HISTORY OF OPINION

The table below reflects the history of price recommendation and target changes made by the financial analysis office of Invest Securities over the past 12 months.

Company Name	Main Author	Release Date	Rating	Target Price	Potential
Quadpack	Maxime Dubreil	27/05/2022	BUY	30,0	+29%
Quadpack	Ludovic Martin	26/11/2021	BUY	28,1	+16%

## DETECTION OF CONFLICTS OF INTEREST

	Quadpack
Invest Securities was lead manager or co-lead manager in a public offer concerning the financial instruments of this issuer during the last twelve months.	No
Invest Securities has signed a liquidity contract with the issuer.	Yes
Invest Securities and the issuer have signed a research service agreement.	Yes
Invest Securities and the issuer have signed a Listing Sponsor agreement.	No
Invest Securities has been remunerated by this issuer in exchange for the provision of other investment services during the last twelve months (RTO, Execution on behalf of third parties, advice, placement, underwriting).	No
This document was sent to the issuer prior to its publication. This rereading did not lead the analyst to modify the valuation.	Yes
This document was sent to the issuer for review prior to its publication. This rereading led the analyst to modify the valuation.	No
The financial analyst has an interest in the capital of the issuer.	No
The financial analyst acquired equity securities of the issuer prior to the public offering transaction.	No
The financial analyst receives remuneration directly linked to the transaction or to an investment service provided by Invest Securities.	No
An executive officer of Invest Securities is in a conflict of interest with the issuer and was given access to this document prior to its completion.	No
Invest Securities or the All Invest group owns or controls 5% or more of the share capital issued by the issuer.	No
Invest Securities or the All Invest group holds, on a temporary basis, a net long position of more than 0.5% of the issuer's capital.	No
Invest Securities or the All Invest group holds, on a temporary basis, a net short position of more than 0.5% of the issuer's capital.	No
The issuer owns or controls 5% or more of the capital of Invest Securities or the All Invest group.	No

Invest Securities' conflict of interest management policy is available on the Invest Securities website in the Compliance section. A list of all recommendations released over 12 months as well as the quarterly publication of "BUY, SELL, NEUTRAL, OTHERS" over 12 months, are available on the Invest Securities research platform.

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