



RESEARCH UPDATE

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Market Statistics

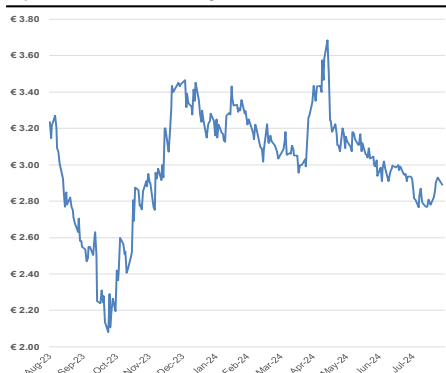
Price	€ 2.89
52 week Range	€2.04 - €3.74
Daily Vol (3-mo. average)	29,580
Market Cap (M):	€ 144.1
Enterprise Value (M):	€ 400.9
Shares Outstanding: (M)	49.9
Float (M)	20.1

Financial Summary

Cash (M)	€ 140.1
Cash/Share	€ 2.81
Debt (M)	€ 389.1
Equity (M)	€ 125.1
Equity/Share	€ 2.51

FYE: DEC

	2023	2024E	2025E
(in €)			
Rev	€ 580.7	€ 593.9	€ 626.9
Chng %	-16.7%	2.3%	5.6%
EBITDA	€ 47.6	€ 65.3	€ 83.1
Net Income	€ (25.8)	€ (12.3)	€ 2.7
EPS	€ (0.52)	€ (0.25)	€ 0.05
EV/Revenue	0.7x	0.7x	0.6x
EV/EBITDA	8.4x	6.1x	4.8x
P/E	-0.1x	nm	1.1x



COMPANY DESCRIPTION

Aquafil Group is a pioneer of the circular economy and a leading manufacturer of synthetic fibers and polymers, including Nylon 6, Nylon 6.6 and Dryarn®. Aquafil's commitment to continuous research and development has set the standard for quality and product innovation worldwide and led to the discovery of ECONYL® nylon, a revolutionary nylon made of 100% waste and is 100% regenerable. Today, Aquafil is recognized as a sustainability leader, a stalwart example of the circular economy and an innovator dedicated to researching closed-loop systems for the synthetic fiber and polymer industry.

AQUAFIL (BIT: ECNL) (OTCQX: ECNLF)

Aquafil reports 2Q24 results

In 2Q24 macro conditions continued to turnaround in EMEA and Asia as volumes grew both year over year and in-line with company expectations. We note that the Company saw volume headwinds in North America. We expect that volumes in North America will increase through the balance of FY24 and into early FY25. On a consolidated basis ECNL reported improved EBITDA margins compared to 2Q23 despite lower revenue. This is in part due to the increasing percentage of ECONYL® sales. The Company also remains focused on debt repayment with a decreasing trend in net financial position. Lastly, ECNL announced a proposal for a capital raise of €40.0M to fund significant growth initiatives that we expect the Company to unveil in early September of 2024. We are encouraged that even though this is an equity raise, the Company major shareholder has expressed its intention to subscribe its pro-quota share of the capital increase further expressing confidence in ECNL.

Quarterly results: ECNL reported revenue, adj EBITDA, and adj EPS of €142.3M, €17.3M, and (€0.06), respectively. This compares to our/consensus estimates of €156.1M/€156.4M, €18.7M/€19.7M, and (€0.01)/€0.02, respectively. Revenues were impacted by both lower selling prices, different mix, and lower volumes in the North American market, with volumes seeing a rebound y/y in both Asia and EMEA. This resulted in a y/y revenue decline of 2.9%. GPM was in-line with our expectations as the Company has worked diligently to reduce costs. EBITDA margin was 12.2% in the quarter, down from 6.7% in 2Q23.

Outlook: The Company sees a lot of optimism out to 2025. To navigate short term headwinds ECNL is focusing on cost cutting initiatives and has acquired a covenant holiday from lenders for the remainder of FY24. These internal measures are combined with increasing volumes in both EMEA and Asia. The macro tailwinds seem to be strengthening as volumes are already increasing with mix and pricing expected to follow. The combination of reorganization, increasing volumes, and strong cash flows is expected to allow ECNL to focus on debt repayments and cash generation going forward. We expect that the Company will see growing revenues as volumes and mix improve through the remainder of the year.

ECONYL® Expansion on Track: The Company reported another quarter of strong ECONYL® contributions to revenues at 52.8% for 2Q24. This is an increase of 400bps from 48.8% seen in 2Q23. Sales seem to be buoyed by the European market which has been swift to adopt, with the North American market lagging. We expect the North American market to see a rebound over the remainder of FY24. This level of ECONYL® contribution to revenue is in-line with management's expectations and is expected to remain a positive addition to the financials, with the goal of reaching 60% by FY25.

Valuation: We use both a DCF Model and EV/EBITDA Analysis to frame our valuation of ECNL. Our DCF analysis relies on a range of discount rates between 10.75% and 11.25%. This arrives at a valuation range of €4.14 to €4.76 with a mid-point of €4.44. Our EV/EBITDA analysis relies on a range of 5.5x to 6.0x leading to a valuation range of €4.16 to €5.00, with a midpoint at €4.58.

SUMMARY

Exhibit 1: Quarterly Results vs. Model

	2Q24 Results (in 000's, except EPS)		Notes
	Reported	Model	
Revenues	€ 142.3	€ 156.1	Weaker than expected volumes in North America dampened revenues
Cost of sales	64.3	76.2	
Gross profit	77.9	79.9	
GPM	54.8%	51.2%	GPM was ahead of our expectation despite weak mix
Service Cost	31.1	30.4	
Labor Costs	31.2	31.1	
Other Costs	13.4	14.6	
Operating Exp	75.7	76.1	
Op Inc - adjusted	2.2	3.8	OPM behind our expectations
OPM	1.6%	2.4%	
EBITDA - adjusted	17.3	18.7	EBITDA results in-line with our expectations
EBITDA margin	12.2%	12.0%	
Net inc- adjusted	€ (3.0)	€ (0.5)	
EPS - adjusted	€ (0.06)	€ (0.01)	

Source: Company Reports; Stonegate Capital Markets

Margins

The Company is engaged in the production, reprocessing, and sale of polyamide 6 fibers and polymers on a global basis and covers the entire value chain in the form of vertical integration.

The Company's overall margin is impacted by sales mix as well as the sale of ECONYL products which have higher margins. The sustained demand for the Company's product & industry practice allows the Company to reprice and transfer the higher cost to consumers and protect its margins. As a result, the Company commands a higher margin as compared to its listed peers.

For 1Q24 the Company had gross margins of 54.8%, up from 47.6% in 2Q23. This was primarily attributed to the decrease in volumes seen in North America. This was slightly buoyed by the increase in ECONYL revenues making up 52.8% of revenues up 400bps year over year. The Company also saw EBITDA margins of 12.2%, up from 6.7% last year as the recovery in EMEA and Asia is in line with expectations.

VALUATION SUMMARY

Aquafil is an industrial pioneer in producing raw material for Nylon 6 production from waste. The Company has made significant capital investments, improving the industrial efficiency in their existing plants, strengthening their production capacities, and improving operating margins. Aquafil has a strong global exposure with production plants in eight countries across Asia, Europe, and North America. The Company is strategically partnered with high profile brands like Patagonia, Gucci, and Prada, among others, who share the same circular vision and goals for sustainability.

To help frame our valuation we use a combination of comparative analysis and discounted cash flow analysis.

Comparative Analysis

(all figures in M, expect per share information)

Company Name	Symbol	Price (1)	Mrkt Cap	EV	EV/Sales (2)			EV/EBITDA			P/E		
					2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E
Lenzing Aktiengesellschaft	LNZ	€ 30.90	€ 1,193.30	€ 3,093.50	1.3x	1.2x	1.1x	10.4x	8.4x	6.7x	-0.1x	-0.4x	54.5x
EMS-CHEMIE HOLDING AG	EMSN	€ 762.18	€ 16,746.54	€ 16,340.41	7.4x	7.5x	7.0x	30.3x	26.7x	24.2x	1.7x	1.6x	1.4x
Interface, Inc.	TILE	€ 17.17	€ 1,063.47	€ 1,448.69	1.1x	1.1x	1.1x	9.8x	8.3x	7.5x	0.4x	0.2x	0.2x
Average					3.3x	3.3x	3.1x	16.8x	14.5x	12.8x	0.7x	0.5x	18.7x
Median					1.3x	1.2x	1.1x	10.4x	8.4x	7.5x	0.4x	0.2x	1.4x
Aquafil S.p.A.	ECNL	€ 2.89	€ 144.08	€ 400.94	0.7x	0.7x	0.6x	8.4x	6.1x	4.8x	-0.1x	nm	1.1x

(1) Previous day's closing price

(2) Estimates are from Capital IQ

Source: Company reports, CapitalIQ, Stonegate Capital Partners

Based on our F25 estimates, Aquafil is trading at a 4.8x EV/EBITDA multiple vs. the median comp at 7.5x. Given the comps, coupled with historical trading ranges, we believe using an EV/EBITDA range of 5.5x to 6.0x with a mid-point of 5.75x is reasonable to account for the Company's slightly smaller size vs comps. Applying this range to our F25 estimate, we arrive at a valuation range of €4.16 to €5.00, with a midpoint at €4.58.

EV/EBITDA			
2025 E	5.50x	5.75x	6.00x
Adj EBITDA	83.1	83.1	83.1
TEV	457.0	477.7	498.5
Cash	140.1	140.1	140.1
Debt	389.1	389.1	389.1
Mrkt Cap	208.0	228.7	249.5
S/O	49.9	49.9	49.9
Price	€ 4.16	€ 4.58	€ 5.00

For our DCF analysis we assume a terminal growth rate of 2.0%. Our DCF analysis relies on a range of discount rates between 10.75% and 11.25% with a midpoint of 11.00%. This arrives at a valuation range of €4.14 to €4.76 with a mid-point of €4.44.

Sensitivity Analysis:

		Terminal Growth Rates				
		1.50%	1.75%	2.00%	2.25%	2.50%
Discount rate	10.50%	€ 4.69	€ 4.79	€ 4.90	€ 5.01	€ 5.13
	10.75%	€ 4.47	€ 4.56	€ 4.66	€ 4.76	€ 4.87
	11.00%	€ 4.26	€ 4.35	€ 4.44	€ 4.53	€ 4.63
	11.25%	€ 4.06	€ 4.14	€ 4.22	€ 4.31	€ 4.41
	11.50%	€ 3.87	€ 3.94	€ 4.02	€ 4.10	€ 4.19

Business Overview

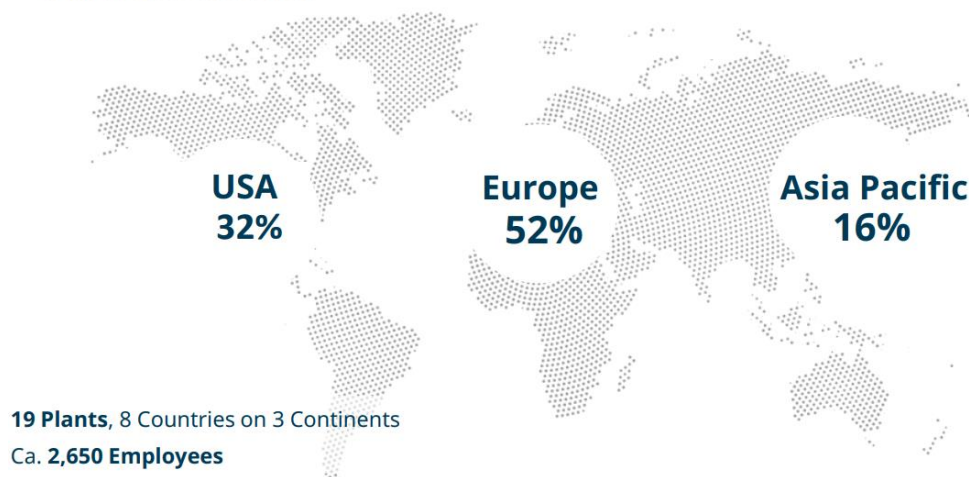
Aquafil Group engages in the production, reprocessing, and sale of polyamide 6 fibers and polymers across the globe. The Company offers bulk continuous filament or synthetic yarns for the textile flooring sector, where the finished product can be used in hotels, airports, offices, residential buildings, and the automotive market. It also offers nylon textile filaments to the apparel and fashion markets. The Company's EP (engineered plastics and polymers) business manufactures and sells polymers, that are primarily used for applications in injection molding, extrusion, and CNC production. Typical end products include plastic molded accessories for the fashion industry and designer furniture industries.

The Company was founded in 1965 and is headquartered in Arco, Italy.

In October of 2022 the Company commenced trading on the OTCQX under the symbol ECNLF.

Exhibit 2: Aquafil Global Operation

% on FY 2023 REVENUES



Source: Company Reports

ECONYL® AND THE CIRCULAR ECONOMY

The Company is a pioneer in the circular economy and invented the ECONYL® regeneration system, an innovative and sustainable process that can create new products from waste. Through this production system, the Company transforms nylon waste, such as abandoned fishing nets, old carpets, or textile production scraps, into new sustainable fiber and polymers, which has the same qualitative characteristics as traditional nylon. Importantly, the ECONYL® regeneration system gives new life to waste materials that would otherwise be sent to landfills or incineration.

Aquafil believes it was one of the first companies in Italy to adopt a “Life Cycle Thinking” approach that considers a holistic view of a product and evaluates its environmental impact from “cradle to grave.” Through this analysis of the nylon value chain, the Company discovered the most negative impact to the planet came from the raw material extraction phase.

This discovery led Aquafil to design a circular economy for the nylon product value chain by removing the reliance on fossil resources.

Aquafil adheres to 5 guiding ideas:

Rethinking Products in a Circular perspective: Rethinking products from a circular viewpoint through enhancing current value chains, investigating, and developing new ones, and putting an eco-centric design strategy into practice.

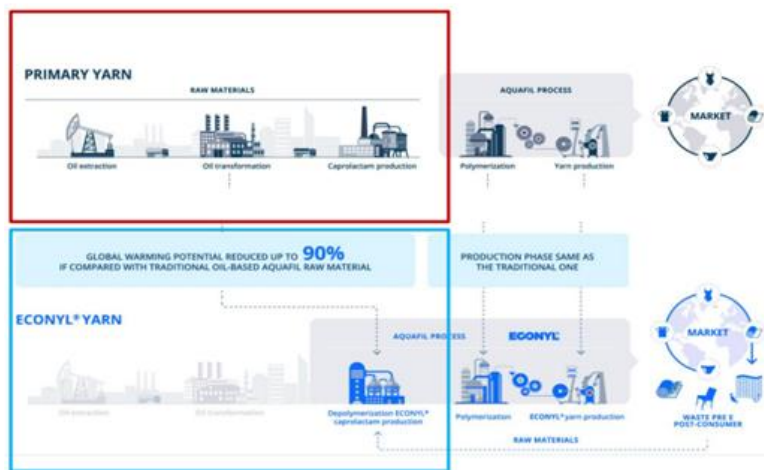
Protecting the Environment: By reducing its environmental effect and paving a sustainable future for an industry that has historically been accountable for landfill waste, water pollution, and greenhouse gas emissions, the Company can protect the environment.

Caring for the Wellbeing of Individuals: By promoting the development, security, and welfare of employees.

Sharing Responsibilities Throughout the Value Chains: Dividing up duties along the value chains while working with clients and vendors to simulate sector-wide transformation.

Supporting the Local Communities: Supporting neighborhood communities by advancing equality, prosperity, and environmentally responsible development.

Exhibit 3: Aquafil’s “Life Cycle Thinking” Approach



Source: Company Reports

ESG Focus

Aquafil believes in a future with sustainability and Environment as the core of the economic growth driven by the responsibility to transform the world for the better. They have adopted the SDGs (Social Development Goals) which help them act towards achieving their ESG goal.

Environment: The Company is conscious of the impact of all their processes on the planet, from the choice of material to the sale location. Its investment in designing a closed loop nylon, that diverts waste from landfills, forges a path of sustainability for the entire industry. Further the Company was the first ranked company in the “Textiles’ subindustry according to Morningstar Sustainability ESG Risk Rating.

Social: To strengthen its commitment to upholding workers' and human rights, Aquafil has identified the international standard SA8000:2014 as a tool in its pursuit of sustainability. This standard takes into consideration workers' rights, workplace conditions and the presence of an effective management system. In this context, the Company has started a project in Aquafil S.p.A.'s Italian headquarter offices with the goal of gradually expanding the certification for this standard to additional offices.

The Group actively promotes adherence to the standard and its guiding principles every day, not just within its own organization but also among supply chain stakeholders.

Ideas the Company Promotes Under the Standard:

- Quality Education
- Gender Equality
- Affordable and clean energy
- Sustainable cities and communities

Governance: The Company displays high standards for corporate governance with a detailed and defined framework for protecting the rights of all stakeholders. The Company has defined its compensation policy, accounting and auditing methods, selection for leadership and executive compensation to best safeguard the interests of its shareholders.

Product Overview

Aquafil manufactures and sells three types of yarn that include: (1) flooring yarns, (2) clothing yarns, and (3) polyamide 6 or nylon 6 for the engineering plastics sector.

Exhibit 4: Product Lines at a Glance

BCF - Carpet yarn



NTF - Textile yarn



Polymers



Source: Company Reports

Flooring Yarns (BCF Products)

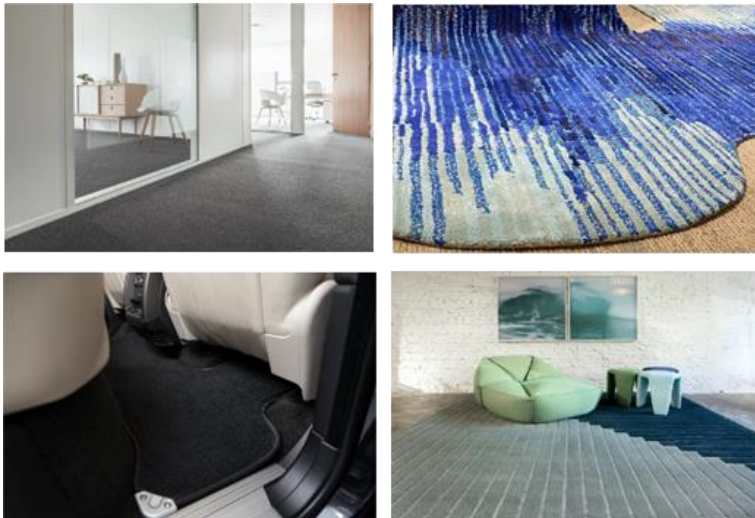
Aquafil was originally founded to manufacture flooring yarn. The product line represents a key source of revenue for the Company with about 73.5% of FY23 total sales.

Over time, Aquafil has become a leading carpet yarn manufacturer across different market segments. These include:

- ✓ Contract – hotels, offices, and public spaces
- ✓ Automotive – auto carpets, molded floors/mats, and upholstery
- ✓ Residential – wall-to-wall and broadloom for living
- ✓ Rugs
- ✓ Transportation – textile floorings for trains, airplanes, ferries
- ✓ Special applications – ropes, filters, mattresses, sponges

Aquafil is recognized as a leading player in the Bulk Continuous Filament (BCF Product) sector globally. In fact, it is a market leader in Europe and rest of the world.

Exhibit 5: Flooring Yarn Products



Source: Company reports

The Group has R&D and Design Carpet Centers distributed throughout its main markets that include Italy, USA, and China. At these centers, there are a wide variety of color-based technical solutions that allow Aquafil to customize solutions to meet specific customer needs. The Company handles almost 20,000 types of products in these centers.

Additionally, the Company's ECONYL® carpet yarn comprises almost 200 solution dyed colors, along with the ability to make tailor-made color solutions as well.

Textile Yarns (NTF Products)

Aquafil's NTF or Nylon Textile Filaments represent about 18.6% of FY23 total sales. The Company has recently expanded this operation that targets the clothing sector. This group also produces synthetic recycled polyamide 6 fibers under its ECONYL® brand. This regenerated nylon is the sustainable solution for brands that seek to reduce their environmental footprint of their products.

The ECONYL® yarn is made from nylon waste and is 100% regenerated and regenerable, offering the same quality and performance as traditional Nylon 6. Thus, the ECONYL® yarn represents a closed-loop circular economy process to deliver a sustainable solution.

The Group also produces Dryarn®, which is a polypropylene microfiber used to make underwear, hosiery, and sports, fashion, and leisurewear. The Dryarn® guarantees high-performance of the products even under extreme conditions. Garments produced with it are extremely flexible, practical, and comfortable to wear. Additional characteristics include lightweight, insulating, and breathable.

Exhibit 6: Aquafil Fibers in Clothing Apparel and Accessories



Source: Company Websites

Polymers (EP Products)

The Company's EP (engineered plastics and polymers) business represents about 7.9% of FY23 total sales. This segment manufactures and sells polymers, including ECONYL®, that are primarily used for applications in injection molding, extrusion, and CNC production. Typical end products include plastic molded accessories (i.e. sunglass frames) for the fashion and designer furniture industries (i.e. chairs).

Aquafil's polymers have unique characteristics that make them attractive to end customers, which include:

- High mechanical strength, stiffness, hardness, and toughness
- Good fatigue resistance
- High mechanical damping ability
- Good sliding properties
- Excellent wear resistance
- Good electrical insulating properties
- Good workability

Engineering

The Group also operates in the plants engineering sector through its Berlin based engineering company, Aquafil Engineering GMBH., that specializes in the design and supply of industrial chemical equipment and plants.

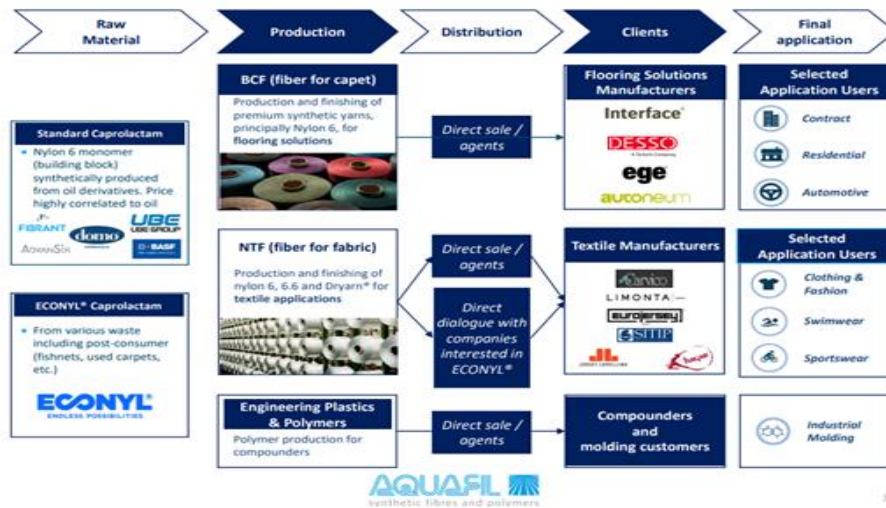
BUSINESS STRATEGY

Recently, Aquafil has defined its “Brand Manifesto”, to help shape the strategic future and growth of the company. It incorporates the Company’s history, its values, its ambitions, and its vision and mission. As such Aquafil’s Brand Manifesto is a compass that guides its business decision, that aligns its strategy to sustainability principles. It helps stakeholders, employees, investors, clients, suppliers, and communities understand who Aquafil is and where it is going.

Supporting this strategic direction is Aquafil’s business model, which centers on using proprietary technology with continuous R&D innovation, manufacturing, and operational excellence, all focused on high-end segments and sustainability solutions.

As part of its strategic direction, Aquafil has identified important targets for 2026 as illustrated below.

Exhibit 7: Aquafil’s Model



Source: Company Reports

Exhibit 8: Aquafil Targets for 2026

Industrial Plan 2024 – 2026

Key indicators

Expected results 2024

- EBITDA target: ca. 65 €/mln (old guidance 76 – 82 €/mln)
- NFP*: ca. 207 €/mln (old guidance 225 – 235 €/mln)

Expected results 2025

- EBITDA target: 80 – 87 €/mln (old guidance 84 – 92 €/mln)
- NFP*: 185 – 195 €/mln (old guidance 190 – 200 €/mln)

Expected results 2026

- EBITDA target: 90 – 96 €/mln
- NFP*: 157 – 167 €/mln

Source: Company Reports

Risks

General Economic Conditions – Aquafil's business is levered to consumer and business demand. Any changes in the macroeconomic environment that negatively impact these sectors of the economy could adversely affect Aquafil's results.

Raw Material Volatility – Rising inflationary prices, and/or increases in raw material prices and energy prices, may have a negative impact on the Company's cost of manufacturing.

Highly Competitive Business – Due to the competitive nature of the textile industry, it is not guaranteed that Aquafil maintains its current strong market share. Some of Aquafil's competitors may have greater operating flexibility, that would allow them to respond better or more quickly to industry changes.

DISCOUNTED CASH FLOW

Aquafil S.p.A.														
Discounted Cash Flow Model														
<i>(in \$M, except per share)</i>														
Estimates:	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Terminal Value
Revenue	574.3	697.1	580.7	593.9	626.9	661.9	695.0	726.3	759.0	791.2	822.9	853.3	883.2	
Operating Income	21.5	37.6	(8.9)	4.2	20.2	27.8	27.8	29.1	30.4	33.2	35.4	37.5	39.7	
Less: Taxes (benefit)	3.9	7.7	(0.1)	(3.1)	0.9	3.3	3.3	3.5	3.6	3.9	4.2	4.5	4.7	
NOPAT	17.5	29.8	(8.7)	7.3	19.3	24.5	24.5	25.6	26.8	29.3	31.2	33.1	35.0	
Plus: Depreciation & Amortization	45.0	126.9	125.0	123.1	125.7	120.0	100.0	100.0	75.0	75.0	50.0	50.0	50.0	
Plus: Changes in WC	(75.4)	35.7	(33.6)	(11.9)	(12.5)	(13.2)	(13.9)	(14.5)	(15.2)	(15.8)	(16.5)	(17.1)	(17.7)	
Less: Capex	(40.2)	(38.6)	(33.2)	(29.7)	(29.5)	(31.8)	(31.3)	(31.2)	(31.1)	(31.6)	(31.3)	(30.7)	(30.9)	
Free Cash Flow	(53.1)	153.8	49.5	88.9	103.0	99.5	79.3	79.8	55.5	56.8	33.5	35.3	36.4	413.1
Discount period - months				6	18	30	42	54	66	78	90	102	114	
Discount period - years				0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	
Discount factor				0.95	0.86	0.77	0.69	0.63	0.56	0.51	0.46	0.41	0.37	
PV of FCF				84.4	88.1	76.6	55.1	49.9	31.2	28.8	15.3	14.5	13.5	153.3
Growth rate assumptions:														
Revenue		21.4%	-16.7%	2.3%	5.6%	5.6%	5.0%	4.5%	4.5%	4.3%	4.0%	3.7%	3.5%	
Operating Income		74.9%	-123.6%	-147.8%	377.9%	37.3%	0.1%	4.5%	4.5%	9.5%	6.5%	6.1%	5.9%	
EBITDA		147.5%	-29.3%	9.6%	14.5%	1.3%	-13.5%	1.0%	-18.4%	2.7%	-21.1%	2.5%	2.5%	
Free Cash Flow		-389.6%	-67.8%	79.5%	15.9%	-3.4%	-20.3%	0.7%	-30.5%	2.4%	-41.1%	5.5%	3.2%	
Margin assumptions:														
Operating Income	3.7%	5.4%	-1.5%	0.7%	3.2%	4.2%	4.0%	4.0%	4.0%	4.2%	4.3%	4.4%	4.5%	
D&A as a % of sales	7.8%	18.2%	21.5%	20.7%	20.0%	18.1%	14.4%	13.8%	9.9%	9.5%	6.1%	5.9%	5.7%	
EBITDA	11.6%	23.6%	20.0%	21.4%	23.3%	22.3%	18.4%	17.8%	13.9%	13.7%	10.4%	10.3%	10.2%	
Taxes	18.3%	20.5%	1.6%	-72.8%	4.4%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	
Changes in WC	-13.1%	5.1%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	
Capex as a % of sales	-7.0%	-5.5%	-5.0%	-5.0%	-4.7%	-4.8%	-4.5%	-4.3%	-4.1%	-4.0%	-3.8%	-3.6%	-3.5%	
Valuation:														
Shares outstanding	49.9													
PV of FCF	457.4													
PV of Terminal Value	153.3													
Enterprise Value	610.7													
less: Net Debt	389.1													
Estimated Total Value:	221.6													
Est Equity Value/share:	€ 4.44													
Sensitivity Analysis:														
		Terminal Growth Rates												
		1.50%	1.75%	2.00%	2.25%	2.50%								
Discount rate	10.50%	€ 4.69	€ 4.79	€ 4.90	€ 5.01	€ 5.13								
	10.75%	€ 4.47	€ 4.56	€ 4.66	€ 4.76	€ 4.87								
	11.00%	€ 4.26	€ 4.35	€ 4.44	€ 4.53	€ 4.63								
	11.25%	€ 4.06	€ 4.14	€ 4.22	€ 4.31	€ 4.41								
	11.50%	€ 3.87	€ 3.94	€ 4.02	€ 4.10	€ 4.19								
Price	€ 2.89													

Source: Company Reports; Stonegate Capital Markets

BALANCE SHEET

Aquafil Consolidated Balance Sheets (€000s) Fiscal Year: December														
ASSETS	FY2020	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023	Q1 Mar-24	Q2 Jun-24
Intangibles	23.6	23.6	23.3	22.1	22.5	21.6	21.6	20.9	20.8	20.3	19.1	19.1	18.0	17.0
Goodwill	13.6	14.7	15.0	16.1	17.1	15.6	15.6	15.3	15.4	15.8	15.1	15.1	15.4	15.6
PP&E	229.5	240.5	243.8	247.9	251.4	247.5	247.5	244.0	243.8	243.0	251.6	251.6	245.5	239.8
Financial assets	0.7	0.7	1.9	0.7	0.8	0.8	0.8	0.6	0.8	0.8	0.5	0.5	0.6	0.6
Investments	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1
Other assets	1.3	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.3	-	-	-	-	-
Deferred tax	14.6	12.3	13.3	13.5	14.6	11.5	11.5	9.9	11.3	12.2	18.5	18.5	20.1	21.5
Total Non-Current Assets	283.2	293.4	298.9	301.9	307.8	298.5	298.5	292.1	293.5	293.0	305.9	305.9	300.8	295.7
Inventories	150.9	177.2	204.2	237.9	261.6	260.8	260.8	242.7	218.0	196.4	189.5	189.5	180.6	187.3
Receivables	22.0	31.2	38.1	41.4	41.9	28.6	28.6	35.8	27.2	27.8	26.2	26.2	30.8	27.5
Financial assets	0.8	0.9	0.2	4.2	4.5	10.0	10.0	5.6	6.5	7.0	5.7	5.7	6.5	6.0
Tax receivables	1.8	0.4	0.3	0.6	0.7	0.6	0.6	1.2	0.6	0.8	1.6	1.6	1.9	1.6
Other assets	12.0	12.9	14.4	12.7	18.0	15.9	15.9	16.1	16.1	16.4	14.6	14.6	17.2	17.5
Cash & cash equivalents	209.0	152.7	142.6	136.9	136.6	110.7	110.7	122.8	111.0	121.7	157.7	157.7	146.0	140.1
Total Assets	679.7	668.7	698.8	735.7	771.1	725.0	725.0	716.3	672.8	663.3	701.2	701.2	683.8	675.8
LIABILITIES AND SHAREHOLDERS' EQUITY														
Share capital	49.7	49.7	49.7	49.7	49.7	49.7	49.7	49.7	49.7	49.7	49.7	49.7	49.7	49.7
Reserves	76.6	91.7	105.3	106.3	115.4	96.5	96.5	121.1	103.6	108.5	101.4	101.4	78.5	80.1
Group net results	0.6	10.7	9.1	17.7	26.1	29.2	29.2	3.3	(4.1)	(17.1)	(25.8)	(25.8)	(3.1)	(6.1)
Total Parent Net Equity	126.9	152.1	164.1	173.7	191.2	175.4	175.4	174.1	149.2	141.1	125.3	125.3	125.1	123.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0
Total Consolidated Equity	126.9	152.1	164.1	173.7	191.2	175.4	175.4	174.1	149.2	141.1	125.3	125.3	125.1	123.7
Employee benefits	6.0	5.9	5.8	5.4	5.4	5.2	5.2	5.0	4.9	4.8	5.1	5.1	5.1	4.8
Financial liabilities	352.6	263.4	275.2	262.4	293.2	285.4	285.4	286.7	275.4	294.0	308.7	308.7	305.4	283.7
Provisions for risks and charges	1.5	1.9	1.9	1.5	1.5	2.0	2.0	1.6	1.2	1.2	1.7	1.7	1.7	1.7
Deferred tax liabilities	11.8	11.2	11.8	12.7	13.5	9.2	9.2	9.1	9.2	9.0	13.3	13.3	14.1	14.5
Other liabilities	11.8	10.8	10.4	9.8	9.4	9.0	9.0	7.9	7.3	6.5	5.9	5.9	5.4	4.9
Total Non-Current Liabilities	383.6	293.2	305.1	291.8	322.9	310.7	310.7	310.2	298.0	315.4	334.7	460.0	331.7	309.6
Financial liabilities	76.0	69.4	69.7	80.9	79.5	83.1	83.1	88.6	92.8	97.5	103.2	103.2	97.5	105.4
Current tax payables	1.2	1.7	2.6	3.2	3.4	3.6	3.6	3.2	2.6	1.4	1.2	1.2	1.4	1.8
Trade payables	69.2	126.6	132.0	157.7	147.8	126.8	126.8	113.4	105.0	84.1	116.0	116.0	108.0	114.0
Other liabilities	22.8	25.6	25.3	28.5	26.4	25.2	25.2	26.8	25.3	23.7	20.8	20.8	20.2	21.3
Total Current Liabilities	169.2	223.3	229.5	270.2	257.0	238.8	238.8	231.9	225.6	206.7	241.2	241.2	227.1	242.5
Total Liabilities and Shareholders' Equity	679.7	668.7	698.8	735.7	771.1	724.9	724.9	716.3	672.8	663.3	701.2	701.2	683.8	675.8
Liquidity														
Current Ratio	2.3x	1.7x	1.7x	1.6x	1.8x	1.8x	1.8x	1.8x	1.7x	1.8x	1.6x	1.6x	1.7x	1.6x
Quick Ratio	1.5x	0.9x	0.9x	0.7x	0.8x	0.7x	0.7x	0.8x	0.7x	0.8x	0.9x	0.9x	0.9x	0.8x
Working Capital	€ 227.3	€ 151.9	€ 170.4	€ 163.6	€ 206.3	€ 187.7	€ 187.7	€ 192.3	€ 153.8	€ 163.6	€ 154.1	€ 154.1	€ 156.0	€ 137.7
Leverage														
Net Debt to Equity	173.0%	118.5%	123.3%	118.8%	123.4%	147.0%	147.0%	145.0%	172.3%	191.2%	203.0%	203.0%	205.3%	201.2%
Net Debt to Capital	63.4%	54.2%	55.2%	54.3%	55.2%	59.5%	59.5%	59.2%	63.3%	65.7%	67.0%	67.0%	67.2%	66.8%
Capital Usage- Annualized														
A/R Turns		21.6x	5.0x	4.6x	4.4x	4.5x	4.5x	5.3x	4.7x	4.9x	4.8x	4.8x	5.2x	4.9x
Days Sales Outstanding		16.9	73.4	80.2	82.2	81.0	81.0x	69.3	78.5	75.1	75.3	75.3x	69.8	74.9
A/P Turnover		2.9x	0.6x	0.6x	0.6x	0.5x	0.5x	0.7x	0.7x	0.8x	0.6x	0.6x	0.7x	0.6x
Days Payable Outstanding		125.9	600.6	662.5	640.2	692.4	692.4x	533.4	519.3	484.6	594.3	594.3x	556.6	629.6

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Aquafil																		
Consolidated Statements of Income (in €000s, except per share amounts)																		
Fiscal Year: December																		
	FY 2020	FY 2021	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023	Q1 Mar-24	Q2 Jun-24	Q3 E Sep-24	Q4 E Dec-24	FY 2024E	Q1 E Mar-25	Q2 E Jun-25	Q3 E Sep-25	Q4 E Dec-25	FY 2025E
Revenues	€ 436.6	€ 569.7	€ 684.1	€ 166.8	€ 144.3	€ 131.1	€ 129.6	€ 571.8	€ 147.5	€ 140.6	€ 150.8	€ 149.0	€ 587.9	€ 155.6	€ 149.8	€ 160.6	€ 155.0	€ 620.9
Other revenue & inc	10.3	4.6	13.0	2.7	2.2	2.6	1.4	8.9	1.6	1.6	1.3	1.4	5.9	1.7	1.7	1.3	1.4	6.0
Total Revenues	446.9	574.3	697.1	169.5	146.5	133.7	130.9	580.7	149.1	142.3	152.1	150.4	593.9	157.3	151.4	161.9	156.3	626.9
Operating Expenses:																		
Cost of raw materials	209.8	283.6	317.8	82.2	76.8	71.2	61.5	291.6	73.4	64.3	75.1	74.9	287.8	76.3	70.4	76.7	73.6	297.1
Gross Profit	237.0	290.7	379.3	87.4	69.8	62.5	69.5	289.1	75.7	77.9	77.0	75.5	306.1	81.0	81.0	85.2	82.7	329.9
Service costs	86.1	112.6	168.5	36.2	31.6	28.1	30.9	126.9	30.6	31.1	30.4	30.7	122.8	33.8	29.4	30.8	31.3	125.2
Labor costs	101.9	114.2	126.9	32.0	31.0	31.2	30.8	125.0	31.0	31.2	31.2	29.8	123.1	31.5	31.5	31.8	30.9	125.7
Other operating costs	4.4	3.4	4.0	0.9	0.9	1.0	0.9	3.6	0.8	0.9	0.9	0.9	3.5	1.0	1.0	1.0	1.0	3.9
D&A	43.6	45.0	47.9	11.8	12.5	11.7	13.7	49.6	13.4	13.6	13.6	13.6	54.2	13.6	13.6	13.6	13.6	54.3
Provisions & write downs	0.6	0.3	0.2	0.1	(0.0)	0.0	(0.8)	(0.7)	0.0	0.0	-	-	0.0	-	-	-	-	-
Recovery/(write down) of financial assets	0.3	(0.1)	(0.0)	0.1	-	(0.1)	-	0.0	0.3	-	-	-	0.3	-	-	-	-	-
Internal work capitalized	(5.8)	(6.1)	(5.7)	(1.5)	(2.3)	(1.0)	(1.6)	(6.3)	(0.9)	(1.1)	0.1	0.1	(1.7)	0.1	0.1	0.1	0.1	0.6
Total Operating Expenses	231.1	269.2	341.7	79.7	73.7	71.0	73.9	298.2	75.2	75.7	76.2	75.1	302.1	80.0	75.6	77.2	76.9	309.6
Operating Income	5.9	21.5	37.6	8.0	(3.9)	(8.5)	(4.5)	(8.9)	0.8	2.2	0.8	0.4	4.2	1.0	5.4	8.0	5.8	20.2
Interest & Investment income	0.4	0.9	4.6	0.1	0.2	0.1	-	0.4	0.7	(0.0)	0.5	0.5	1.6	0.5	0.5	0.5	0.5	2.0
Interest expense	(8.0)	(7.6)	(8.4)	(3.3)	(4.2)	0.3	(7.1)	(14.4)	(5.4)	(5.1)	(5.1)	(5.1)	(20.7)	(4.6)	(4.6)	(4.6)	(4.6)	(18.3)
Other gains/loses	1.8	(0.2)	3.1	(0.2)	1.2	(4.7)	0.5	(3.2)	(0.1)	(0.3)	(0.1)	(0.1)	(0.6)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)
Profit Before Taxes	0.1	14.6	36.9	4.6	(6.7)	(12.8)	(11.1)	(26.0)	(4.0)	(3.2)	(3.9)	(4.3)	(15.4)	(3.2)	1.3	3.8	1.7	3.6
Provision for Income Tax	(0.5)	3.9	7.7	1.4	0.7	0.1	(2.3)	(0.1)	(0.9)	(0.1)	(1.0)	(1.1)	(3.1)	(0.8)	0.3	0.9	0.4	0.9
Net Income	0.6	10.7	29.2	3.3	(7.4)	(12.9)	(8.8)	(25.8)	(3.1)	(3.0)	(3.0)	(3.2)	(12.3)	(2.4)	1.0	2.8	1.3	2.7
Basic EPS	€ 0.01	€ 0.21	€ 0.57	€ 0.07	€ (0.15)	€ (0.26)	€ (0.18)	€ (0.52)	€ (0.06)	€ (0.06)	€ (0.06)	€ (0.06)	€ (0.25)	€ (0.05)	€ 0.02	€ 0.06	€ 0.03	€ 0.05
Diluted EPS	€ 0.01	€ 0.21	€ 0.57	€ 0.07	€ (0.15)	€ (0.26)	€ (0.18)	€ (0.52)	€ (0.06)	€ (0.06)	€ (0.06)	€ (0.06)	€ (0.25)	€ (0.05)	€ 0.02	€ 0.06	€ 0.03	€ 0.05
WTD Shares Out - Basic	51.0	50.9	51.1	49.9	49.9	49.9	49.9	49.9	49.9	49.9	49.9	49.9	50.1	50.1	50.1	50.1	50.1	50.2
WTD Shares Out - Diluted	51.0	50.9	51.1	49.9	49.9	49.9	49.9	49.9	49.9	49.9	49.9	49.9	50.1	50.1	50.1	50.1	50.1	50.2
EBITDA	€ 58.4	€ 72.1	€ 92.3	€ 21.6	€ 9.8	€ 5.7	€ 10.5	€ 47.6	€ 15.2	€ 17.3	€ 16.6	€ 16.2	€ 65.3	€ 16.7	€ 21.2	€ 23.7	€ 21.6	€ 83.1

Margin Analysis																		
Gross Margin	53.0%	50.6%	54.4%	51.5%	47.6%	46.7%	53.1%	49.8%	50.8%	54.8%	50.6%	50.2%	51.5%	51.5%	53.5%	52.6%	52.9%	52.6%
Operating Margin	1.3%	3.7%	5.4%	4.7%	-2.6%	-6.4%	-3.4%	-1.5%	0.6%	1.6%	0.5%	0.3%	0.7%	0.6%	3.6%	4.9%	3.7%	3.2%
EBITDA Margin	13.1%	12.5%	13.2%	12.7%	6.7%	4.2%	8.0%	8.2%	10.2%	12.2%	10.9%	10.8%	11.0%	10.6%	14.0%	14.6%	13.8%	13.3%
Pre-Tax Margin	0.0%	2.5%	5.3%	2.7%	-4.6%	-9.6%	-8.5%	-4.5%	-2.7%	-2.2%	-2.6%	-2.9%	-2.6%	-2.0%	0.8%	2.3%	1.1%	0.6%
Net Income Margin	0.1%	1.9%	4.2%	1.9%	-5.1%	-9.7%	-6.7%	-4.5%	-2.1%	-2.1%	-1.9%	-2.1%	-2.1%	-1.5%	0.6%	1.8%	0.8%	0.4%
Tax Rate	-654.4%	26.9%	20.9%	29.1%	-10.5%	-0.9%	20.9%	0.6%	22.4%	3.9%	25.0%	25.0%	20.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Growth Rate Y/Y																		
Total Revenue		28.5%	21.4%	-1.7%	-19.0%	-27.7%	-17.5%	-16.7%	-12.0%	-2.9%	13.7%	14.9%	2.3%	5.5%	6.4%	6.5%	4.0%	5.6%
Total cost of revenues		16.5%	26.9%	-2.1%	-17.4%	-21.2%	-8.9%	-12.7%	-5.7%	2.8%	7.3%	1.6%	1.3%	6.5%	-0.2%	1.3%	2.3%	2.5%
Operating Income		262.3%	74.9%	-35.9%	-132.1%	-208.2%	-186.6%	-123.6%	-89.4%	-158.0%	-108.9%	-108.6%	-147.8%	17.2%	142.3%	947.2%	1422.6%	377.9%
Pre-Tax Income		18386.1%	152.5%	-61.0%	-155.0%	-244.7%	-385.8%	-170.5%	-186.2%	-53.1%	-69.3%	-61.2%	-40.8%	-20.5%	-140.6%	-196.2%	-138.9%	-123.1%
Net Income		1690.3%	173.2%	-63.9%	-186.8%	-252.8%	-391.4%	-188.7%	-194.3%	-59.2%	-77.2%	-63.2%	-52.4%	-23.1%	-131.7%	-196.2%	-138.9%	-121.7%

Source: Company Reports, Stonegate Capital Partners estimates

Cash Flow Statement

Aquafil														
Consolidated Cash Flow Statements (€000s)														
Fiscal Year: December														
CASH FLOW	FY2020	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023	Q1 Mar-24	Q2 Jun-24
Operating Activities														
Profit of the year	0.6	10.7	9.1	17.7	26.1	29.2	29.2	3.3	(4.1)	(17.1)	(25.8)	(25.8)	(3.1)	(6.1)
Income Taxes	(0.5)	3.9	2.8	6.5	6.8	7.7	7.7	1.4	2.1	2.2	(0.1)	(0.1)	(0.9)	(1.0)
Investment Income and Charges	-	-	-	0.1	0.1	(0.0)	(0.0)	-	-	(0.1)	(0.1)	(0.1)	-	-
Financial Income	(0.4)	(0.9)	(1.7)	(3.0)	(4.6)	(4.9)	(4.9)	(0.1)	(0.3)	(0.6)	(1.0)	(1.0)	(0.7)	(0.6)
Financial Charges	8.0	7.6	1.9	3.9	6.0	8.4	8.4	3.3	7.5	11.9	19.0	19.0	5.4	10.5
Exchange gain/losses	(1.8)	0.2	0.4	(0.5)	(2.1)	(2.8)	(2.8)	0.2	(1.0)	(0.7)	(0.8)	(0.8)	0.1	0.4
Asset disposal gain/losses	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)
Provision & Write-downs	0.6	0.3	0.0	(0.2)	(0.2)	0.2	0.2	(0.1)	(0.1)	(0.1)	(1.0)	(1.0)	(0.0)	(0.0)
Write-downs of financial assets (receivables)	0.3	(0.1)	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	-	-	-	-
Amortisation, depreciation & write-downs of tangible and intangible assets	43.6	45.0	10.9	23.8	36.0	47.9	47.9	11.8	24.3	36.0	49.6	49.6	13.4	27.0
Net Variation Non-Monetary increase IFRS16	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow from operating activities before working capital changes	€ 50.3	€ 66.4	€ 23.3	€ 48.0	€ 68.1	€ 85.4	€ 85.4	€ 19.6	€ 28.0	€ 31.2	€ 39.6	€ 39.6	€ 14.2	€ 30.0
Decrease/(Increase) in Inventories	34.2	(26.3)	(27.0)	(60.6)	(84.3)	(83.5)	(83.5)	18.1	42.8	64.4	71.3	71.3	8.9	2.2
Increase/ (Decrease) in trade payables	(6.9)	57.4	5.4	31.1	21.2	0.2	0.2	(13.5)	(21.8)	(42.7)	(10.8)	(10.8)	(8.0)	(2.0)
Decrease/(Increase) in trade receivables	2.6	(9.1)	(6.9)	(10.2)	(10.7)	2.7	2.7	(7.2)	1.5	0.8	3.2	3.2	(4.6)	(1.3)
Changes to assets and liabilities	(7.5)	8.1	(2.7)	3.0	2.3	(4.2)	(4.2)	(0.4)	(4.6)	(5.1)	(7.8)	(7.8)	(1.5)	(0.5)
Net paid financial charges	(7.6)	(6.6)	(0.2)	(0.9)	(1.4)	(8.0)	(8.0)	(3.2)	(6.6)	(10.4)	(15.3)	(15.3)	(5.1)	(9.8)
Income taxes paid	(0.3)	(0.2)	(0.1)	0.9	(1.1)	(3.8)	(3.8)	(2.3)	(5.6)	(7.5)	(9.6)	(9.6)	(0.8)	(1.2)
Utilisation of provisions	(0.9)	(0.6)	(0.2)	(1.3)	(1.3)	(2.0)	(2.0)	(0.7)	(1.0)	(1.5)	(1.0)	(1.0)	(0.1)	(0.4)
Cash flow generated/(absorbed) from operating Activities (A)	€ 63.8	€ 89.0	€ (8.4)	€ 10.0	€ (7.2)	€ (13.1)	€ (13.1)	€ 10.4	€ 32.7	€ 29.2	€ 69.6	€ 69.6	€ 2.8	€ 16.9
Investing Activities														
Investments in tangible assets	(21.9)	(34.6)	(7.2)	(15.9)	(24.6)	(34.9)	(34.9)	(7.9)	(16.3)	(22.3)	(29.2)	(29.2)	(3.4)	(8.0)
Disposal of tangible assets	1.1	0.4	0.1	1.1	0.4	0.4	0.4	0.3	0.5	0.4	0.6	0.6	0.2	0.2
Investment in intangible assets	(6.0)	(5.0)	(0.6)	(1.3)	(3.2)	(4.2)	(4.2)	(0.8)	(2.5)	(3.8)	(4.6)	(4.6)	(0.5)	(1.2)
Disposal of intangible assets	0.1	0.0	-	-	-	0.1	0.1	-	-	-	0.0	0.0	-	0.0
Business combinations	(2.8)	-	-	-	-	(0.1)	(0.1)	-	-	-	-	-	-	-
Dividends received	-	-	-	0.1	0.1	0.2	0.2	-	-	0.1	0.1	0.1	-	-
Investments in financial assets	(0.0)	(1.0)	-	(0.1)	(0.2)	(0.2)	(0.2)	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)
Cash flow generated by Investing Activities (B)	€ (29.4)	€ (40.2)	€ (7.7)	€ (16.1)	€ (27.4)	€ (38.6)	€ (38.6)	€ (8.3)	€ (18.4)	€ (25.7)	€ (33.2)	€ (33.2)	€ (3.8)	€ (9.2)
Financing Activities														
Drawdown non-current bank loans and borrowings	105.0	30.0	20.0	31.0	79.0	94.0	94.0	15.0	35.0	75.0	100.0	100.0	10.0	20.0
Repayment non-current bank loans and borrowings	(12.5)	(123.5)	(10.9)	(25.3)	(42.5)	(53.2)	(53.2)	(11.9)	(35.8)	(51.6)	(72.0)	(72.0)	(17.4)	(41.4)
Net changes in current and non-current financial assets and liabilities	(4.8)	(2.3)	2.4	1.4	(0.4)	(9.8)	(9.8)	8.2	3.5	1.8	(4.8)	(4.8)	(3.2)	(3.8)
Non-monetary change	(3.5)	(6.8)	(4.0)	(6.2)	(7.0)	(9.7)	(9.7)	(0.6)	(4.1)	(5.1)	-	-	-	-
Distribution of Dividends	-	-	-	(6.0)	(6.0)	(6.0)	(6.0)	(0.0)	(12.0)	(12.0)	(12.0)	(12.0)	-	-
Acquisition of treasury shares	-	(2.5)	(1.6)	(4.3)	(4.4)	(5.5)	(5.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	-	-
Cash flow generated/(absorbed) by financing Activities (c)	€ 84.2	€ (105.1)	€ 6.0	€ (9.5)	€ 18.7	€ 9.8	€ 9.8	€ 10.0	€ (14.0)	€ 7.6	€ 10.6	€ 10.6	€ (10.6)	€ (25.2)
Net Cash flow in the year	€ 118.6	€ (56.3)	€ (10.1)	€ (15.6)	€ (16.0)	€ (42.0)	€ (42.0)	€ 12.1	€ 0.3	€ 11.0	€ 47.0	€ 47.0	€ (11.7)	€ (17.5)
Cash and Cash Equivalents														
Beginning Cash balance		209.0	152.7	152.7	152.7	152.7	152.7	110.7	110.7	110.7	110.7	110.7	157.7	157.7
Ending Cash balance		152.7	142.6	137.1	136.6	110.7	110.7	122.8	111.0	121.7	157.7	157.7	146.0	140.1

Source: Company Reports, Stonegate Capital Partners

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