Private Equity
Equity – Greece

Share price	(€)	3.50
RIC		IDEr.AT
Bloomberg		INTEK GA
Market cap (€m)		140.5
Enterprise value (€m)		159.3
Free float (%)		63%

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Spiros Tsangalakis
Analyst
+30 210 696 5212
spiros.tsangalakis@pantelakis.gr

This report was prepared and published in consideration of a fee payable by IDEAL Holdings S.A.

IDEAL Holdings

Optimising capital allocation

- **IDEAL is essentially a fine listed private-equity proxy, offering the best of both worlds**
- **Value creation: targeting mid-size equity tickets, on a "buy low, develop and sell high", 5 to 7-year investment horizon**
- **The average of a 3-stage DCF model and EV/EBITDA target-multiples returns a fair value of €5.3 per IDEAL share**

A private equity vehicle offering the best of both worlds: Don't judge the book by the cover…IDEAL is a holding company only by name. For sure, it is listed on the ATHEX, but with a 5 to 7-year investment horizon, involving the buyout/disposals of entire companies, while targeting 20%-plus IRRs (harvesting illiquidity premiums) and limited hands-on management, there is a definite aura of PE present.

Simply put, it is a unique investment alternative for a diversified equity portfolio with a demonstrated track record in M&A. A seasoned investment team selectively identifies leaders, invests, monitors and focuses on adding value before exiting, using time-honoured PE principles. It stands out as the only Greek listed PE vehicle.

In essence, IDEAL offers the best of both worlds. Thanks to its listing tilt, besides higher transparency and visibility levels, IDEAL is spared of the liquidity aches PEs normally face as it enjoys permanent capital, while investors avoid losing access to their funds. Also, bear in mind that chunks of IDEAL equity could be used as an acquisition currency in the event a likely seller is keen in participating to the upside potential.

It's all about asset turnover: buy low, develop and sell high equity tickets of up to €100m at home and abroad, complementary to the existing portfolio. The key PE principles apply: buy smart/buy disciplined, identify early, implement fast on a few well-defined value creation initiatives. Then, select and incentivise management, allocate capital efficiently, actively monitor and exit investments on flexible time horizons to maximise risk-adjusted returns.

The current portfolio centres on two sectors, ie industrial (crown corks production) and the wider IT services space. Portfolio companies proved resilient in the last 4 years, eg Astir's 2018-22e net profit massive CAGR of 35% is a testament to the selection skill. In turn, the €46m sale of Greek artisanal beverages company Three Cents to Coca-Cola HBC last October is the pinnacle of IDEAL exit strategy, as it achieved an IRR of 111%.

SOTP method yields a fair value of €5.3/sh that stands 51% above current levels. We value IDEAL via a combination of a 3-stage DCF and multiples-based method (each carrying 50% weight), accounting separately for the Industrial and IT units, using 5.8x and 11.3x target EV/EBITDA. The two methods result in an appraised equity value of €211.5m or €5.3/sh. At mid-point, the Industrial unit is valued at €2.5/sh, IT brings in €3.1, with the balance (minus €0.3) coming from the parent company. On aggregate, the stock is attractively priced at 8.1x 2023e EPS, c6% DY, 9% FCFY, while IDEAL's great potential to further optimise/complement its asset platform adds to its valuation appeal.

Financials & valuation

Financial statements

Year to	2021a	2022e	2023e	2024e
Profit & loss summary, proforma (€m)				
Revenue	124.6	173.2	186.8	200.5
EBITDA	18.3	28.1	31.2	33.7
Depreciation	(3.3)	(3.6)	(3.5)	(3.9)
Operating profit/EBIT	15.0	24.5	27.7	29.7
Net interest	(1.0)	(2.3)	(3.9)	(3.9)
PBT	14.0	22.1	23.8	25.8
Taxation	(3.4)	(4.7)	(5.2)	(5.7)
Net profit	9.8	16.6	17.5	19.0
Net profit - Adjusted	9.8	16.6	17.5	19.0
Cash flow summary (€m)				
Cash flow from operations	1.9	4.3	17.5	19.3
Capex	(0.3)	(1.5)	(5.5)	(3.5)
Dividends	0.0	7.6	8.0	8.4
Change in net debt		17.8	(3.9)	(7.4)
FCF	1.6	15.8	12.0	15.8
Balance sheet summary (€m)				
Intangible fixed assets	22.9	34.4	34.4	34.4
Net fixed assets	7.8	57.0	58.9	58.5
Inventories	10.8	36.4	39.0	41.9
Current & Other L/T assets	50.0	116.6	126.9	138.5
Cash & others	16.6	28.2	32.1	36.8
Total assets	84.0	211.2	223.5	234.6
Operating liabilities	13.3	34.1	35.9	38.0
Gross debt	17.7	49.7	49.7	47.0
Net debt/(cash)	1.0	18.8	14.9	7.5
Shareholders' funds	51.4	124.2	134.7	146.5
Invested capital	50.5	147.4	156.0	158.3

Ratio, growth and per share analysis

Year to	2021a	2022e	2023e	2024e
Y-o-y % change				
Revenue	n/a	39.0	7.8	7.3
EBITDA	n/a	53.2	11.1	8.0
Operating profit	n/a	63.2	12.9	7.5
PBT	n/a	58.5	7.4	8.6
EPS	n/a	69.6	5.2	8.5
Ratios (%)				
Revenue/IC (x)	2.5	1.2	1.2	1.3
ROIC	23.2	13.0	13.9	14.6
ROE	19.1	13.4	13.0	12.9
ROA	n/a	13.5	9.2	9.4
EBITDA margin	14.7	16.2	16.7	16.8
Operating profit margin	12.0	14.1	14.8	14.8
EBITDA/net interest (x)	17.8	12.0	8.1	8.7
Net debt/equity	1.9	15.1	11.1	5.1
Net debt/EBITDA (x)	0.1	0.7	0.5	0.2
CF from operations/net debt	183.5	23.0	117.2	257.8
Per share data (€)				
EPS reported (fully diluted)	0.24	0.41	0.44	0.47
Adj. EPS (fully diluted)	0.24	0.41	0.44	0.47
Ordinary DPS/Cash return	0.00	0.19	0.20	0.21
Book value	1.28	3.10	3.36	3.65

Industrial sector DCF (€/sh) sensitivity by flexing WACC & LT EBITDA margin

		8.25%	8.75%	9.25%	9.75%	10.25%
	12.0%	2.8	2.6	2.4	2.3	2.1
L-T	**13.0%**	2.9	2.7	2.5	2.4	2.2
EBITDA	**14.0%**	3.1	2.8	**2.6**	2.5	2.3
margin	**15.0%**	3.2	3.0	2.8	2.6	2.4
	16.0%	3.3	3.1	2.9	2.7	2.5

IT sector DCF (€/sh) sensitivity by flexing WACC & LT EBITDA margin

		8.75%	9.25%	9.75%	10.25%	10.75%
	8.0%	3.0	2.8	2.6	2.4	2.3
LT	**9.0%**	3.3	3.0	2.8	2.6	2.5
EBITDA	**10.0%**	3.6	3.3	**3.1**	2.8	2.7
margin	**11.0%**	3.9	3.6	3.3	3.1	2.9
	12.0%	4.2	3.8	3.5	3.3	3.1

Industrial & IT sector EV/EBITDA-based valuation (50% weight)

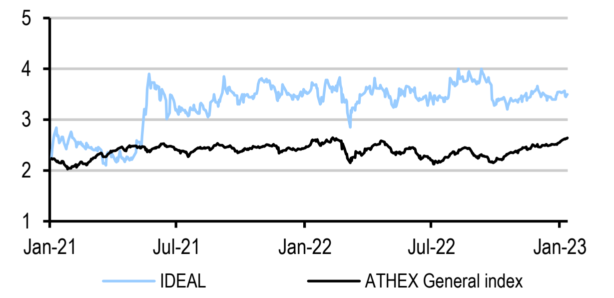
	Industrial	IT business
Peers EV/EBITDA (x)	7.3	14.1
Size discount	20%	20%
Target EV/EBITDA (x)	**5.8**	**11.3**
EBITDA 2023e (€m)	**21.1**	**11.1**
Implied EV (€m)	**122.5**	**125.0**
Minus: Net debt/(cash) (€m)	18.8	1.8
Minus: Market value of minorities (€m)	7.8	-
Appraised equity value (€m)	**95.9**	**123.2**
Appraised value per IDEAL share (€)	**2.4**	**3.1**

Valuation data (x)

Year to	2021a	2022e	2023e	2024e
EV/sales	1.1	1.0	1.0	0.9
EV/EBITDA	7.7	5.8	5.1	4.5
EV/IC	2.8	1.1	1.0	0.9
PE	14.5	8.5	8.1	7.5
P/Book value	2.8	1.1	1.1	1.0
FCF yield (%)	0.8	11.3	8.5	11.3
Div yield (%)	5.4	5.7	5.7	6.0

* Clean PE adjusts for non-recurring items

Price relative (€/share)



Source: Bloomberg

Note: price at close of 13 January 2023

IRR realised from Astir & Three Cents buyouts and Three Cents sale to CCH (€m)

Astir placed under IDEAL's umbrella	Aug'17	Dec'17	Dec'18	Dec'19	Dec'20	May'21	Sum	IRR)	MOIC (x)
Acquisition investment	(13.6)	(1.5)					(15.1)	16.6%	1.66
Capital return		0.5					0.5		
Dividends			1.3	2.0	0.8		4.1		
Exit proceeds						20.5	20.5		
Total Cashflows	**(13.6)**	**(1.0)**	**1.3**	**2.0**	**0.8**	**20.5**	**25.1**		

Three Cents placed under IDEAL's	Jan'20	Apr'21	May'21	Sum	IRR	MOIC (x)
Acquisition investment	(6.1)	(7.8)		(13.9)	22.0%	1.14
Exit proceeds			15.9	15.9		
Total Cashflows	**(6.1)**	**(7.8)**	**15.9**	**2.0**		

Three Cents sold to CCH	May'21	Oct'22	Sum	IRR	MOIC (x)
Acquisition investment	(15.9)		(15.9)	111.1%	2.91
Exit proceeds		46.3	46.3		
Total Cashflows	**(15.9)**	**46.3**	**30.4**		

Source: Company data

A private equity investor rather than a holding company

A PE vehicle offering the best of both worlds: Don't judge the book by the cover… IDEAL is a holding company only by name. For sure, it is listed on the ATHEX, but with a 5 to 7-year investment horizon, involving the buyout/disposals of entire companies, while targeting 20%-plus IRRs (harvesting illiquidity premiums) and limited hands-on management, there is a definite aura of PE present.

Simply put, it is a unique investment alternative for a diversified equity portfolio with a demonstrated track record in M&A. A seasoned investment team selectively identifies market leaders, invests, monitors and focuses on adding value before exiting, using time-honoured PE principles. There is no other Greek investment alternative for investors wishing to have exposure to such a listed investment vehicle.

In essence, IDEAL offers the best of both worlds. Thanks to its listing tilt, besides higher transparency and visibility levels, IDEAL is spared of the liquidity aches PEs normally face as it enjoys permanent capital, while investors avoid losing access to their funds. Also, chunks of IDEAL equity could be used as acquisition currency in the event a likely seller is keen in participating to the upside potential.

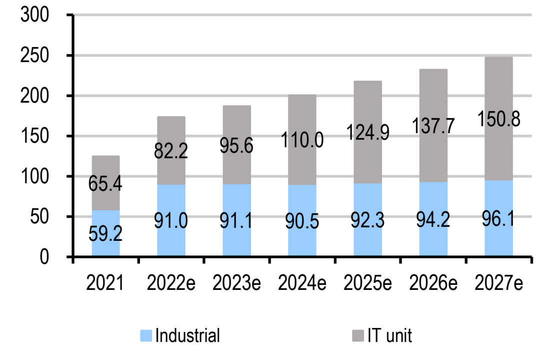
I's all about asset turnover: buy low, develop and sell high: IDEAL's management philosophy calls for outright buyouts, investing in growth potential and unlocking value before exiting, ie selling the entire firm to a larger interest. All that on a seemingly moderate risk approach.

By choosing to target mid-size equity tickets ranging between €30m and €100m, IDEAL scales down competition, thus taking a starring role in the domestic PE playfield.

In fact, IDEAL enjoys unique advantages since it:

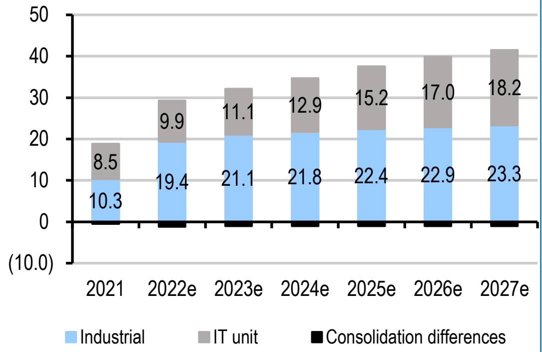
- faces weak competition in the bigger size domestic corporate market, thus avoiding auction type investment situations,
- invests – with a few exceptions of highly attractive growth opportunities – in control situations which allow value creation opportunities through strategic and operating initiatives,
- enjoys, in contrast to a typical PE investor, an unrestricted investment period to create long-term value and optimise the timing of its asset disposals,

2021-27e revenue breakdown per business (€m)



Source: Company data, Pantelakis Securities estimates

2021-27e EBITDA breakdown per business (€m)



Source: Company data, Pantelakis Securities estimates

- employs investment strategies in both the leveraged buyout and growth capital space,
- is listed on the ATHEX which provides liquidity and investment transparency to its shareholders, an alternative acquisition and management incentive currency and a lower cost of capital by addressing a more diversified investors universe,
- faces no capital restrictions since it can tap both the local and international markets to exploit emerging investment opportunities and expand its portfolio or to support the existing one, either organically or via bolt-on acquisitions, thus create value from strategic and/or operating synergies.

With that in mind, we believe that IDEAL parent company's €18m cash position, together with some €52m unutilised credit facilities leave ample room for a step-change acquisition move of up to €70m, without raising additional equity.

And while IDEAL does not pursue specific business ownership, focus is currently placed exclusively on two sectors. First, and foremost, on the industrial investment of crown corks production. Note that last June IDEAL added South African Coleus (75% buyout for €7.2m) to its existing Astir Vitogiannis' highly successful platform. Besides nearly doubling annual capacity (to c14bn pieces), this deal makes perfect sense and should enhancing the Industrial unit's outlook on economies of scale/scope, ie revenue/cost synergies.

Secondly, IDEAL engages in the wider IT spectrum, which ranges from the rapidly growing **Trust Services** and **Cybersecurity** applications (winning projects on the global stage) to Greece's (EU funded) immense €1.5bn **digitisation investment** pool.

All told, IDEAL managed to pull off three exit deals in a space of 18 months, leaving plenty to cheer about going forward. The first two relate to corporate transformation deals, whereby investments held by Virtus private equity (Astir and Three Cents) were brought under the IDEAL umbrella. The third was the sale of €46m sale of Greek artisanal beverages company Three Cents to Coca-Cola HBC last October, a deal that showcases IDEAL's exit strategy and prowess, as it achieved an IRR of 111%.

Yet, this is precisely what sets apart IDEAL's seasoned investment team, c30 years of experience in PE, all sharing a long-lasting, top-level investment banking legacy.

Turning to the existing portfolio, we expect a **buoyant proforma group net income growth of 70% y-o-y to €16.6m in FY22e**, courtesy of an exceptionally strong Astir performance. In specific, we see the Greek crown corks producer posting a 2.6x earnings hike to €10.6m, making up a massive 64% of group total, on the back of a high double-digit volume growth (with key breweries and beverages brands stocking up to hedge against surging inflation and supply chain disruptions.

In turn, we forecast IT activity net income to post a robust growth of 27% y-o-y to €5.6m in 2022e, representing 34% of IDEAL total. Interestingly, newly acquired Byte Computers should contribute 23% and 61% of group and IT 2022e earnings, respectively.

Based on our projections, we expect IDEAL's net debt position to shape at €18.8m at end-2022e (including lease liabilities). This means leverage should remain at comfortable levels, with 2022e net debt/EBITDA at 0.7x, easing to 0.5x in the following year. In turn, upbeat EPS momentum and strong FCFY allow for generous dividend/capital returns going forward.

As far as FY23e, we look for total €0.20 per share remuneration, split into two equal cash returns, implying a 5.7% DY, compared to €0.19 in 2022 (of which €0.12 were paid-out in December).

Take note that IDEAL has already announced that it will trade ex-capital return on 26 June 2023: we expect €0.10/sh to be returned to shareholders then, with an extra €0.10/sh sometime later in the year.

Industrial sector (Astir & Coleus) DCF sensitivity by flexing WACC, L-T growth & L-T EBITDA margin (€ per Ideal share)

		Cost of capital (WACC)				
		8.25%	8.75%	9.25%	9.75%	10.25%
	0.0%	2.9	2.7	2.5	2.4	2.9
L-T	0.5%	3.0	2.8	2.6	2.4	3.0
growth pa	1.0%	3.1	2.8	**2.6**	2.5	3.1
	1.5%	3.2	2.9	2.7	2.5	3.2
	2.0%	3.3	3.0	2.8	2.6	3.3

		Cost of capital (WACC)				
		8.25%	8.75%	9.25%	9.75%	10.25%
	12.0%	2.8	2.6	2.4	2.3	2.1
L-T	13.0%	2.9	2.7	2.5	2.4	2.2
EBITDA	14.0%	3.1	2.8	**2.6**	2.5	2.3
margin	15.0%	3.2	3.0	2.8	2.6	2.4
	16.0%	3.3	3.1	2.9	2.7	2.5

Source: Pantelakis Securities estimates Note: IDEAL Holdings total outstanding shares number adjusted for c400k treasury stock

SOTP valuation method yields a fair value of €5.3/sh that stands 51% above current levels

We value IDEAL via a combination of a 3-stage DCF and multiple-based method (each carrying 50% weight), accounting separately for the Industrial and IT units, using 5.8x and 11.3x target EV/EBITDA. The two methods result in an appraised equity value of €211.5m or €5.3/sh. At mid-point, the Industrial unit is valued at €2.5/sh, IT brings in €3.1/sh, with the balance (minus €0.3/sh) coming from the parent company.

In particular, in our 3-stage **DCF valuation model for the Industrial activity** we use: a) a 9.25% discount rate (WACC): 1.1x asset beta, 2.5% risk-free rate and 6.5% ERP, b) our explicit 2022-2027e forecasts, c) an interim (2028-35e) period of fading sales growth and EBITDA margins (to 14% in the long-term from 21.3% in FY22e), and d) a terminal (long-term) growth rate of 1.0%.

The baseline of our DCF valuation returns a fair value of €104.7m (or €2.6 per IDEAL share) for the Industrial activity after adjusting for divisional debt and Coleus 25% minorities.

In turn, our **DCF model for the IT unit,** using a 9.75% discount rate (WACC), yields an appraised equity value of **€121.5m (or €3.1 per IDEAL share)**, with the EBITDA margin falling to 10% in the longer-run vs 12% last year. Adjusting for Ideal parent €1.8m 2022e net cash, minus €12.9m overheads capitalised 10x (bringing-in a negative €0.3 per IDEAL share), our DCF-based sum-of-the-parts (SOTP) points to a fair value **of €215.1m or €5.4 per IDEAL share**.

IT sector (ADACOM, Ideal Electronics, Byte Computer) DCF sensitivity by flexing WACC, L-T growth & L-T EBITDA margin (€ per Ideal share)

		Cost of capital (WACC)				
		8.75%	9.25%	9.75%	10.25%	10.75%
	0.0%	3.3	3.1	2.9	2.7	2.6
L-T	0.5%	3.4	3.2	3.0	2.8	2.6
growth pa	1.0%	3.6	3.3	**3.1**	2.8	2.7
	1.5%	3.7	3.4	3.1	2.9	2.7
	2.0%	3.8	3.5	3.3	3.0	2.8

		Cost of capital (WACC)				
		8.75%	9.25%	9.75%	10.25%	10.75%
	8.0%	3.0	2.8	2.6	2.4	2.3
L-T	9.0%	3.3	3.0	2.8	2.6	2.5
EBITDA	10.0%	3.6	3.3	**3.1**	2.8	2.7
margin	11.0%	3.9	3.6	3.3	3.1	2.9
	12.0%	4.2	3.8	3.5	3.3	3.1

Source: Pantelakis Securities estimates Note: IDEAL Holdings total outstanding shares number adjusted for c400k treasury stock

Turning to our multiple-based valuation, using a) **5.8x 2023e target EV/EBITDA for the Industrial activity**, after applying a 20% size/liquidity-discount to peers' 7.3x average multiple, and b) our €21.1m EBITDA estimates for that year, we **arrive at €95.9m fair value or €2.4 per IDEAL share**. This is after adjusting for net debt, market value of minorities (ie Coleus) and own shares.

PANTELAKIS SECURITIES S.A.

Industrial activity: Peer group comparisons, 2023e target EV/EBITDA multiple after applying a 20% size discount									
			Local Curr	-- Mkt Cap (m) --		-----P/E (x)-----		---EV/EBITDA (x)---	
Company	Ticker	Curr	Price	Local curr	(€)	FY22e	FY23e	FY22e	FY23e
Berry Global Group	BERY US	USD	61.79	7,521	7,095	8.3	7.6	7.3	7.3
Greif	GEF US	USD	68.28	3,495	3,297	11.0	11.3	6.4	6.2
Ardagh Metal	AMBP US	USD	5.34	3,231	3,048	15.3	14.5	9.3	8.4
Pact Group Holdings	PGH AU	AUD	1.11	394	372	7.3	5.9	3.4	3.5
O-I Glass	OI US	USD	19	2,988	2,819	8.6	8.5	5.8	5.4
Silgan Holdings	SLGN US	USD	52.06	5,712	5,389	13.2	12.7	8.9	8.2
Sealed Air	SEE US	USD	53.97	7,848	7,403	13.2	13.1	9.0	8.6
Crown Holdings	CCK US	USD	84.73	10,258	9,677	12.9	12.5	9.7	9.2
Sonoco Products	SON US	USD	60.05	5,876	5,543	9.5	10.5	7.5	7.3
Trimas Corporation	TRS US	USD	29.26	1,233	1,163	13.7	13.7	8.7	8.5
Simple average						**11.3**	**11.0**	**7.6**	**7.3**
2023e target multiple (x) after applying 20% size discount							**9.1**		**5.8**

Source: Bloomberg, Pantelakis Securities estimates

Likewise, using a) **11.3x 2023e target EV/EBITDA** for the IT business - once again applying a 20% size discount to peers' 14.1x average - and b) our €11.1m EBITDA forecasts, we arrive at an appraised equity value **of €123.2m or €3.1** per IDEAL share. This time our multiple-based SOTP returns an equity value **of €207.9m or €5.2 per IDEAL share,** including parent company's negative €11.1m (or €0.3/sh) contribution.

Averaging the two valuation methods (each carrying a 50% weight), **we set a fair value of €211.5m (ie the mid-point of €207.9-215.1m range)**, or **€5.3m per IDEAL share**, 51% above current levels.

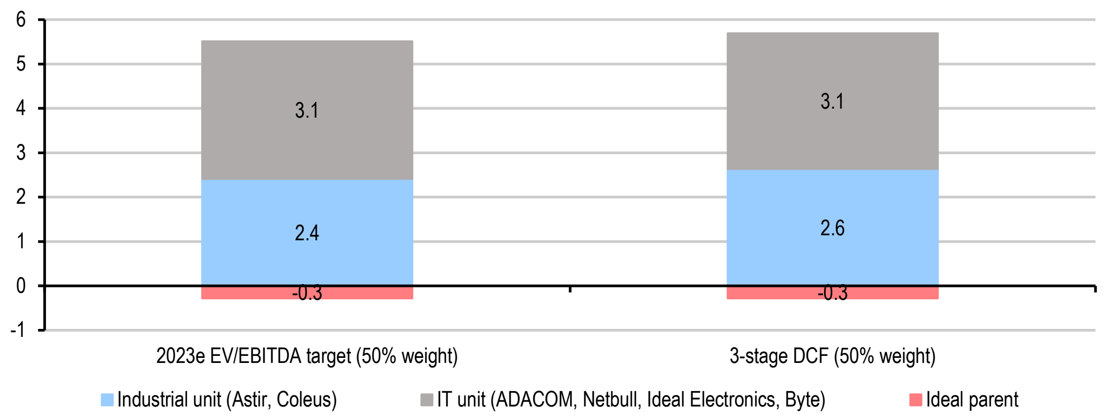
IT activity: Peer group comparisons, 2023e target EV/EBITDA multiple after applying a 20% size discount							
			Local Curr	-- Mkt Cap (m) --		--- EV/EBITDA (x) ---	
Company	Ticker	Curr	Price	Local curr	Local curr	FY22e	FY23e
Verisign	VRSN US	USD	211.67	22,212	20,954	22.7	20.6
Palo Alto Networks	PANW US	USD	136.71	40,244	37,966	24.2	20.1
DocuSign	DOCU US	USD	59.6	11,813	11,144	20.6	18.6
Atos SE	ATO FP Equity	EUR	12.265	1,416	1,416	5.5	5.2
Capgemini	CAP FP Equity	EUR	163.55	29,144	29,144	10.1	9.4
Gen Digital	GEN US Equity	USD	21.99	14,226	13,420	13.7	10.6
Simple average						**16.1**	**14.1**
2023e target multiple (x) after applying 20% size discount							**11.3**

Source: Bloomberg, Pantelakis Securities estimates

Multiples-based SOTP				
	Industrial 2023e	IT business 2023e	IDEAL parent	SOTP
Peers EV/EBITDA (x)	7.3	14.1		
Size discount	20%	20%		
Target EV/EBITDA (x)	**5.8**	**11.3**		
EBITDA (€m)	**21.1**	**11.1**		
Implied EV (€m)	**122.5**	**125.0**		
Minus: Net debt/(cash)	18.8	1.8	(1.8)	
Minus: Market value of minorities FY23 capitalised 7x	7.8			
Minus: Overheads FY23 capitalised 10x			12.9	
Equity Value (€m)	**95.9**	**123.2**	**(11.1)**	**207.9**
Number of shs adjusted for treasury stock	39.7	39.7	39.7	
Equity Value per Ideal share (€)	**2.4**	**3.1**	**(0.3)**	**5.2**

Source: Company, Pantelakis Securities estimates

Fair value per IDEAL share using 2023e target EV/EBITDA (x) and DCF model, accounting separately for the Industrial & IT unit (€)



Source: Company, Pantelakis Securities estimates

Importantly, assuming present-time exit values of €100.3m and €122.3m for the Industrial and IT business, ie the mid-points of our appraised equity values arising from the average of our EV/EBITDA valuation methodology and DCF modelling, this would imply IRR to the tune of 63% and 57%, respectively, and 2.1x and 1.4x multiple on invested capital (MOIC) since the moment these assets were bought under the IDEAL umbrella.

Potential IRR realisation of current Industrial & IT investments based on our fair value assumptions (€m)

Astir, Coleus (Industrial)	May-21	Nov-21	Jun-22	Sep-22	Jan-23	IRR
Acquisition Investment	(40.2)		(4.4)	(2.8)		63.2%
Dividends		1.0				MOIC
Exit proceeds					100.3	2.1x
Total	**(40.2)**	**1.0**	**(4.4)**	**(2.8)**	**100.3**	

ADACOM, Netbull, Byte (IT)	May-21	Apr-22	Sep-22	Jan-23	IRR
Acquisition Investment	(20.1)	(6.3)	(59.3)		56.7%
Exit proceeds				122.3	MOIC
Total	**(20.1)**	**(6.3)**	**(59.3)**	**122.3**	1.4x

Source: Company, Pantelakis Securities estimates

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Catalysts and risks to our estimates & rating

Clinching exit deals and bolt-on acquisitions would really move the needle. With that in mind, the global FinTech spectrum shows a strong appetite for M&A activity, as key players seem eager to buy-out promising business, seeking to enter new markets and/or geographies.

It goes without saying that stronger than **expected RRF-funded and public project proceeds** should beef up the IT division's (notably Byte Computer') 2023-26e sales momentum, enhancing earnings growth.

With Coleus becoming fully integrated to Astir's best business practices, a stronger-than-anticipated **EDITDA margin expansion** (on better pricing/procurement and reduced shipping costs) should bolster bottom-line beyond our estimates.

On the downside, at the **macro level, economic headwinds** may affect consumption for beverages, hence, reducing demand for crown corks. Yet, beer and spirits volumes in the U.S. have shown little correlation with economic growth. The general trend of per capita consumption of alcoholic beverages seems to have a more significant impact on volumes than the economy. During economic weakness, though, consumers tend to drink at home where it is cheaper versus at a bar or a restaurant and trade down to more affordable products.

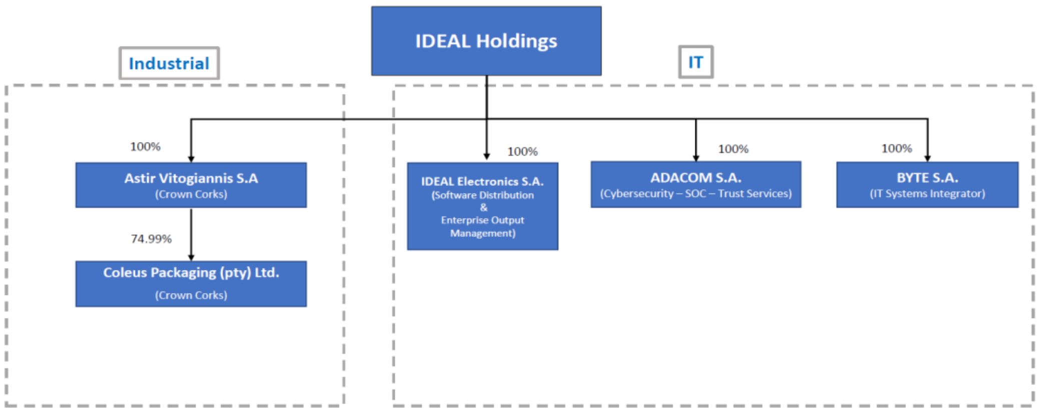
For developed economies like the U.S., alcoholic beverage purchases have become a smaller part of overall spending as households have become wealthier. Beer and spirits are considered affordable luxuries or even staples in the U.S. and other mature economies. On the other hand, demand in emerging markets is more discretionary and impacted by economic growth. In addition, weakness in the local currency can affect the affordability of imported alcoholic beverages.

In conclusion, alcoholic beverage consumption should be resilient even during a future economic recession.

Additionally, a rise in wages amid inflationary pressures would most definitely dent earnings momentum. Given the war for talent, the IT sector is facing serial salary hikes for tech professionals. **A wage bubble now looms large** and may potentially exert strong pressures to IT division's profitability levels.

Last point, with national elections most probably taking place between April-June 2022**, political instability in Greece** could adversely affect IT business growth outlook, ie putting on hold public projects.

Ideal Holdings: Group structure



Source: Company data

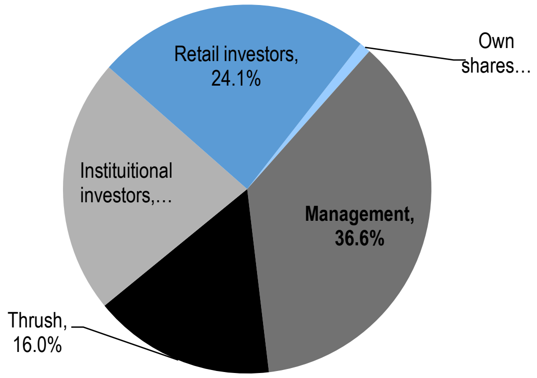
Brief company background

Going a step back to IDEAL's fresh new beginning in May 2021, this relates to placing Astir Vitogiannis and Three Cents investment assets, which were previously held by Virtus South European Fund, under the umbrella of IDEAL Holdings. The independently valued assets (ie components of Virtus) at that time led to realised IRRs of 17% for Astir and 22% for Three Cents, suggesting €20.5m and €15.9m exit proceeds for IDEAL's new management.

Without any doubt however, the sale of Greek soft drink company **Three Cents to Coca-Cola HBC** last October is the pinnacle of IDEAL's exit strategy – at least for the time being.

Bearing fruit of investing early in Three Cents' growth phase, IDEAL secured an eye catching €46.3m exit valuation (leading to €30m-plus one-off capital gain), implying hefty multiples 27.2x EV/EBITDA and 6.0x EV/sales. This compares with an initial investment of €13.9m back in January 2020 on 13.5x EV/EBITDA and 2.2x EV/sales.

Shareholding structure



Source: Company data

By addressing new geographies and market segments, expanding distribution channels, while switching to a more aggressive advertising campaign so as to enhance brand awareness, IDEAL deal managed to bolster Three Cents' sales by c80% in an admittedly short period of time.

What's more, Three Cents' profits posted a massive 36% expansion, party attributed to a highly successful bottling partner shift. Thanks also to working capital improvements and stronger (scale-driven) bargaining power, IDEAL managed to beef up Three Cents' cashflow generation, strengthening further its investment appeal.

Important highlight: On our forecasts section, we cling to a proforma basis for financial statements for both 2021 and 2022, ie excluding discontinued Three Cents operations effective as of January 1, 2021, while also fully consolidating since then the recently acquired Netbull, Coleus and Byte Computers.

Hence, 2021-22 proforma results, whether at group or Industrial/IT division level, are fully comparable, and, perhaps more importantly, on an ongoing business basis. Moreover, our forecasts do not account for one-off items, ie capital gains from the Three Cents sale, stock option adjustments, etc.

Flagship Industrial: stellar 2022, low growth cash-cow thereafter

Crown jewel **Astir Vitogiannis** is a top-tier crown corks manufacturer enjoying more than 70 years of experience. Importantly, both headquarters and main manufacturing facility are located in Athens Industrial Park, some 40km from Piraeus port and 45min from Athens International Airport offering easy access across the supply chain. It is worth mentioning that Astir's fully integrated, automated manufacturing plant in Athens is one of the largest dedicated crown corks producers in the world, winning efficiency, zero claim policy safety features awards.

In a step-change move, Astir acquired last July Johannesburg-based **Coleus Packaging,** thus setting foot in the lucrative South African market. Crucially, Astir's annual capacity now stands at 24bn crowns, upped by 10bn compared to pre-Coleus deal levels.

Key to Astir's business success relates to forging and sustaining solid, long-standing relationships with the world's top beer and beverage brands, ie Heineken, Coca Cola, Anheuser-Busch Inbev, Carlsberg, Asahi, etc.

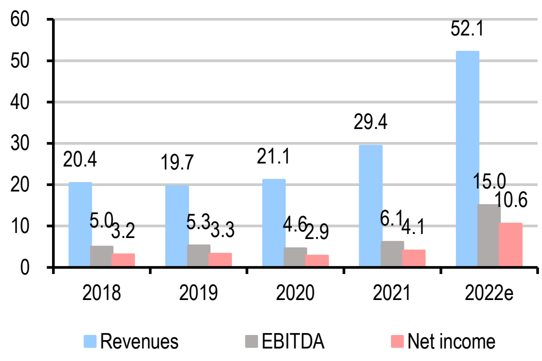
Astir's key client list

Source: Company data

Without a doubt Coleus acquisition has turned Astir into a truly global platform with a well-diversified sales portfolio. It Astir currently exports crown corks to 60-plus countries on the back of a 600 strong customer base. And with Africa now representing 18% of total revenues, Astir should see its exports accounting for more than 90% of 2022e total. Europe remains the top destination, making up 32% of total, followed by Americas (26%), Australasia (15%), with the balance coming from Greece (9%).

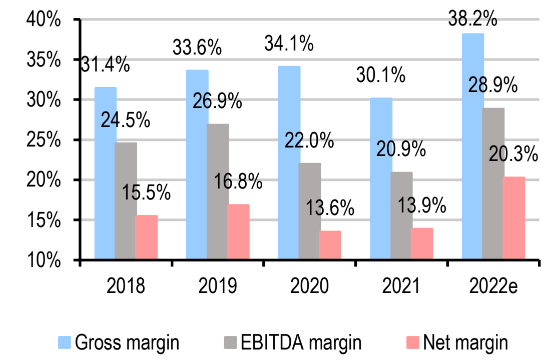
In 2022 all eyes swivelled to **Astir Vitogiannis** mind-blowing performance, as robust volumes coupled with an unprecedented spike in selling prices led to a staggering revenue momentum, up 77% y-o-y to €52.1m on our expectations. It is worth mentioning that crown corks revenues derive by multiplying the number of the units sold times the average selling price per unit. The golden rule of cost-plus pricing works miracles on the downside as well, with Astir seemingly immune - or least exposed – to input cost hikes.

Astir: 2018-22e revenues, EBITDA, net income (€m)



Source: Company data, Pantelakis Securities estimates

Astir: 2018-22e gross, EBITDA, net margin



Source: Company data, Pantelakis Securities estimates

And while Astir's markup revenue model provides a cushion against a surge in raw material prices, we see volumes falling 8% y-o-y to 7bn cork pieces in 2023e. After a stellar 2022, this year's much anticipated decrease in demand for cork crowns is barely surprising to us with all major beer and beverages brands stocking up heavily to hedge against surging inflation and supply chain disruptions.

With that in mind, we forecast Astir 2023e operating revenues down by less than 5% y-o-y to €46.6m, ie a smaller pace compared to the volume decline thanks to a 3% higher average prices. But with the non-core revenues being cut in half, overall sales are set to fall by a bigger 8% y-o-y to €48.2m though.

Owing to a skyrocketing gross margin, up 8pp y-o-y to 38.2%, we expect Astir EBITDA to soar 2.4x up to €15m from €6.1m in the previous year, with the respective margin reaching 28.9% vs 20.9% in FY21.

Notwithstanding a gross margin y-o-y enhancement of 1.5pp, we expect 2023e EBITDA 4% lower y-o-y to €14.5m, attributed to downbeat revenues. Having said that, in an effort to mitigate cost fluctuations, Astir (but also Coleus) have hedged a large portion of their raw materials needs at a €4.15 total unit cost, compared to €4.25 a year before.

In a similar vein, FY22e net earnings are seen 2.6x higher y-o-y to €10.6m, before dropping 3% to €10.3m in the subsequent year.

Importantly, we expect Astir to switch to positive €2.6m FCF in 2022e, implying a €4.9m delta vs FY21, courtesy of a buoyant earnings momentum. In 2023e, we estimate an unprecedented FCF generation of €14.5m on the back of a massive working capital improvement, owing largely to better payment terms. In turn, we forecast capex reaching €1m in 2022e, upped to €3m in 2023e.

As for **Coleus Packaging**, we forecast 2022-23e sales to advance 31% and 10% y-o-y to €38.9m and €43m, respectively, accounting for c23% of group total.

And with volume expanding by just 2% y-o-y to 6.3bn pieces, this robust top-line increase is basically the product of a spectacular 28% jump in selling prices, reflecting Coleus pricing strategy alignment with that of Astir's.

But with the gross margin shedding 6pp y-o-y to 22%, we look for a rather moderate 2022e EBITDA rise of 4% to €4.4m, gaining traction, however, in the following year, up 51% to €6.6m. This impressive y-o-y EBITDA jump is attributed to a further sharp gross margin y-o-y recovery of 3pp, reflecting also a good progress at the cost front.

Adversely affected by higher net financial expenses, we forecast Coleus net income slipping 5% y-o-y to €1.7m in FY22e, before bouncing back 40% to €2.4m in the following year, albeit from a low base.

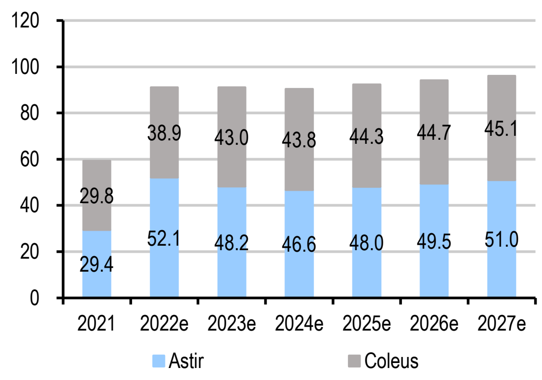
Wrapping it up, we forecast total proforma Industrial revenues surging 54% y-o-y to €91m in 2022e from €59m a year before, staying flat in 2023e due to Astir's exceptionally tough comparisons linked to last year's booming performance.

Crucially, we expect Industrial gross margin expanding by 2.1pp y-o-y to 31.3% in FY22e, driven entirely by a massive 8pp spike in Astir. As for 2023, we see the divisional gross margin rising 1.5pp higher y-o-y to 32.9%, courtesy of a strong Coleus gross margin recovery on better prices.

And with opex easing at 10% of sales in FY22e, further down to 9.7% in the following year, we expect EBITDA to climb 88% and 9% y-o-y to €19.4m and €21.1m over 2022-23e, with the respective margins jumping to 21.3% and 23.1%, respectively, against 17.4% in FY21.

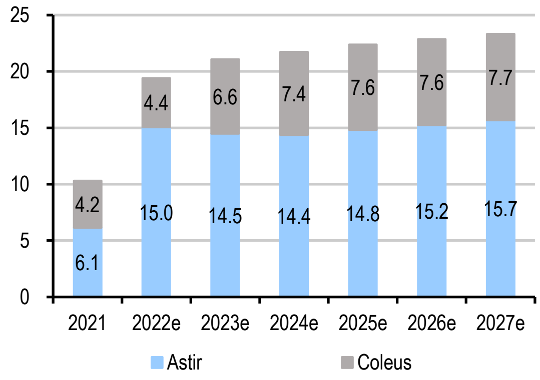
Finally, Industrial net income should more than double to €12.3m in 2022e, advancing 4% to €12.7m next year on particularly demanding base effects. In fact, taking the front seat, we expect Coleus net earnings to climb 40% y-o-y to €3.2m in 2023e, representing 19% of Industrial total from 10% in the previous year.

2021-27e Industrial revenues breakdown (€m)



Source: Company data, Pantelakis Securities

2021-27e Industrial EBITDA breakdown (€m)



Source: Company data, Pantelakis Securities

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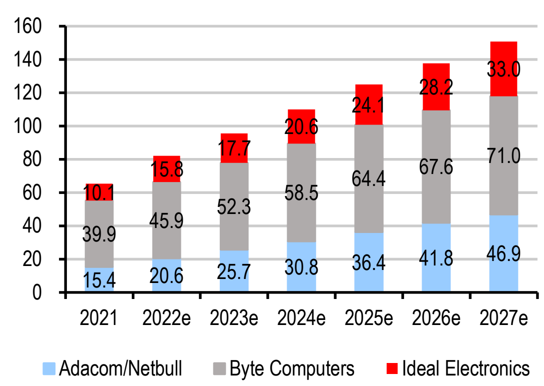
Industrial sector: 2021-25e P&L (31 December, €m)

	Proforma 12/2021a	Proforma 12/2022e	12/2023e	12/2024e	12/2025e
Sales	**59.2**	**91.0**	**91.1**	**90.5**	**92.3**
% change		53.7%	0.1%	-0.7%	2.0%
o/w Astir	**29.4**	**52.1**	**48.2**	**46.6**	**48.0**
% change		77.2%	-7.5%	-3.2%	3.0%
% of Industrial total		57%	53%	52%	52%
% of group total	24%	30%	26%	23%	22%
o/w Coleus	**29.8**	**38.9**	**43.0**	**43.8**	**44.3**
% change		30.6%	10.4%	2.0%	1.0%
% of Industrial total		43%	47%	48%	48%
% of group total	24%	22%	23%	22%	20%
Gross Profit	**17.3**	**28.5**	**30.0**	**30.1**	**30.8**
Gross Margin	29.2%	31.3%	32.9%	33.3%	33.3%
Total SG&A Expenses	**(7.0)**	**(9.1)**	**(8.9)**	**(8.3)**	**(8.4)**
% of sales	11.7%	10.0%	9.7%	9.2%	9.1%
EBITDA	**10.3**	**19.4**	**21.1**	**21.8**	**22.4**
% change		88.0%	8.6%	3.3%	2.8%
EBITDA Margin	17.4%	21.3%	23.1%	24.1%	24.3%
o/w Astir	**6.1**	**15.0**	**14.5**	**14.4**	**14.8**
% change		144.9%	-3.7%	-0.8%	3.2%
% of Industrial total	59%	78%	69%	66%	66%
% of group total	34%	54%	46%	43%	41%
EBITDA margin	20.9%	28.9%	30.1%	30.8%	30.9%
o/w Coleus	**4.2**	**4.4**	**6.6**	**7.4**	**7.6**
% change		4.4%	51.1%	11.7%	2.7%
% of Industrial total	41%	22%	31%	34%	34%
% of group total	23%	16%	21%	22%	21%
EBITDA margin	14.0%	11.2%	15.3%	16.8%	17.1%
Depreciation	(1.4)	(1.4)	(1.4)	(1.9)	(2.2)
EBIT	**8.9**	**18.0**	**19.7**	**19.9**	**20.2**
% change		101.3%	9.7%	0.8%	1.6%
EBIT Margin	15.1%	19.7%	21.6%	22.0%	21.9%
Financial Income/(Expenses)	(0.5)	(1.2)	(2.0)	(2.0)	(2.0)
EBT (Pretax Profit)	**8.5**	**16.7**	**17.7**	**17.9**	**18.2**
% change		97.6%	5.7%	0.9%	1.8%
EBT Margin	14.3%	18.4%	19.4%	19.7%	19.7%
Minorities	(0.8)	(0.8)	(1.1)	(1.2)	(1.2)
Taxation	(1.8)	(3.7)	(3.8)	(3.9)	(4.0)
Effective Tax Rate	20.8%	21.8%	21.7%	21.7%	21.7%
Net Profit	**5.9**	**12.3**	**12.7**	**12.8**	**13.0**
% change	11.4%	108.4%	3.6%	0.2%	2.1%
Net Margin	10.0%	13.5%	14.0%	14.1%	14.1%
o/w Astir	**4.1**	**10.6**	**10.3**	**10.1**	**10.4**
% change		158.9%	-2.4%	-2.3%	3.5%
% of Industrial total	69%	86%	81%	79%	80%
% of group total	39%	64%	59%	53%	50%
o/w Coleus	**1.8**	**1.7**	**2.4**	**2.6**	**2.6**
% change		-5.1%	40.1%	9.3%	-1.8%
% of Industrial total	31%	14%	19%	21%	20%
% of group total	17%	10%	14%	14%	12%

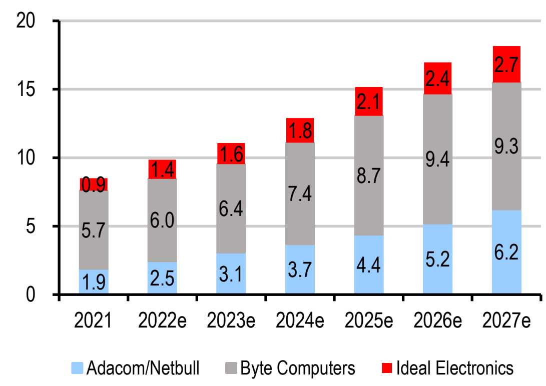
Source: Company data, Pantelakis Securities

2021-27e IT revenues breakdown (€m)



Source: Company data, Pantelakis Securities

2021-27e IT EBITDA breakdown (€m)



Source: Company data, Pantelakis Securities

IT net income to soar 27% y-o-y to €5.6m in 2022e, thanks to upbeat ADACOM and Byte, up 10% to €6.1m in FY23e

Starting with **ADACOM,** IDEAL has subsequently built its franchise through further acquisitions: **Netbull** last May for €6.3m and **Byte** last October for €59m in cash and shares.

ADACOM's key client list

Source: Company data

ADACOM is a leading Qualified Trust Services Provider, a Cybersecurity integrator, and a Managed Services provider with headquarters in Athens and subsidiaries in Cyprus and the United Kingdom. Enjoying a strong customer presence in more than 30 counties across the EMEA region, ADACOM caters to customers who need to operate in a modern and secure way, helping them to digitise business processes while providing trusted identity assurance. What is more, by leveraging international know-how with global partnerships and local expertise, ADACOM delivers tangible results, tackling any cyber security challenge. In fact, some 200 organizations rely on ADACOM for data security and protection, thus keeping business safe.

Step-change move: Last May, ADACOM completed the acquisition of Netbull Ltd – a Cybersecurity service provider that was founded in 2013 from executives of Bull Greece with experience in large security projects, as a leading system integrator and value-added solutions provider. In that capacity, Netbull provides Managed Security Services (MSS) and Incident Response handing: the former through its own Secure Operation Center (SOC) which incorporates its own developed Threat Management Platform (Eiasis), an award-winning platform with Al and Machine learning based on IBM QRadar technologies and services. In fact, Netbull serves more than 60 organizations through its SOC.

Byte's key client list

Source: Company data

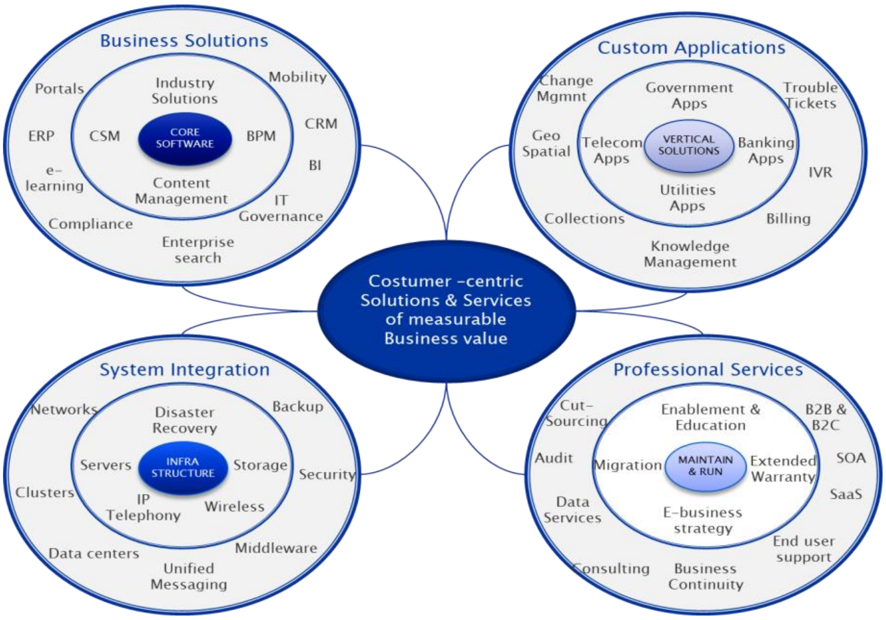
Founded in 1983, **Byte Computer** is one of the largest IT and communications solutions provider in Greece. Thanks to continuous investments in cutting-edge technologies and specialized human resources, reflecting also strong strategic partnerships with top international players, Byte offers a wide range of high-quality products, technologies and services.

Athens-based Byte Computer engages in the development of custom information technology (IT) applications, such as various computer systems, software, computer networks and communications and support services. Essentially, Byte is active in three business segments:

- **Systems Integration** that provides services for the establishment of the necessary IT infrastructure including cabling, networking equipment and servers.
- **Custom Software Application Development** that provides development and integration solutions for the financial services and telecommunications sectors regarding business process automation and knowledge management,
- **Value Added Services**, including Consulting Services, Project Management Services and Training Services. It has formed alliances with international hardware and software vendors such

as Microsoft, IBM and Cisco Systems. The Company also provides business solutions in other countries, such as Cyprus, Albania, Bulgaria, Romania and Serbia

Byte's product and services



Source: Company data

Starting our journey in the financials of the **IT division** with **ADACOM/Netbull**, we look for a sales jump of 34% y-o-y to €20.6m in 2022e, following a pedestrian 4% top-line increase a year ago, up by a robust 25% to €25.7m in 2023e. Pretty impressive growth rates reflecting share gains at a local level, but perhaps more importantly a growing footprint in the global Trust services and Cyber security.

Adversely affected by a sharp gross margin decline, down 4.2pp y-o-y to 46.5%, we see ADACOM EBITDA rising 30% to €2.5m in 2022e, picking up momentum in the following year, up 37% to €3.1m. This EBITDA acceleration should be the product of a good progress at the cost front, as evident by a further opex easing to 32% of sales, compared to 34.6% and 38.3% over 2021-22e, more than offsetting a 2.5pp y-o-y drop in the gross margin. With that in mind, we expect 2022e EBITDA margin to decline 0.4pp y-o-y to 11.9%, rising marginally to 12% the year after.

In addition, we expect net income to surge 51% y-o-y to €1.5m in FY22e, slowing down to +10% to €7.5m next year due to increased net financial expenses and a higher tax effective rate.

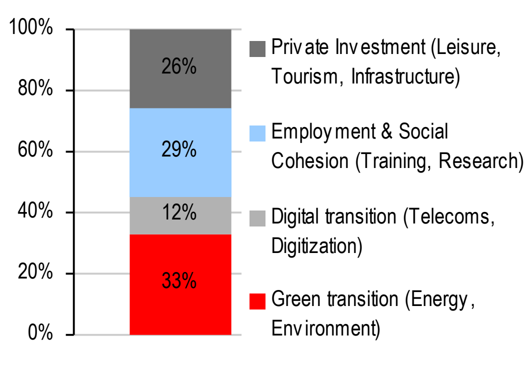
Switching our attention to the recently acquired **Byte Computers**, we look for top-line growths of 15% and 14% y-o-y to €45.9m and €52.2m over 2022-23e, thanks largely to a growing public projects sales contribution.

The latter is increasingly driven by RRF-funded IT projects: The Next Generation EU (NGEU) fund is a European Union economic recovery package to support member states adversely impacted by the COVID-19 pandemic. Agreed by the European Council on 21 July 2020, the €750bn NGEU fund is an integral part of the country's future opportunity.

As shown below, Greece is relatively (ie as a % of pre-Covid nominal GDP) by far the largest recipient from the Recovery and Resilience Facility - a key of NGEU component.

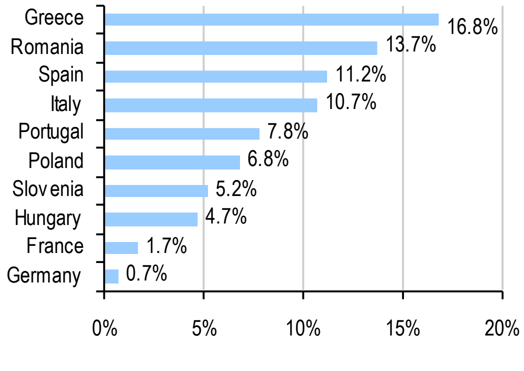
In specific, Greece will receive €31bn in total, namely €18.2bn in grants plus €12.7bn in loans (at concessionary terms). The national allocation plan, dubbed 'Greece 2.0', rests on four main RRF pillars, with particular emphasis on green and digital transitions.

Main pillars of €18.2bn grants to Greece (% of total)



Source: Greek Ministry of Finance

Greece: the highest RRF beneficiary (% of 2019 GDP)



Source: ECB, IMF

Owing to declining gross margins, down 2.0pp y-o-y to 21%, we see Byte's EBITDA rising by a rather moderate 5% to €6m in 2022e and 7% to €6.4m in 2023e, mirroring a margin downtrend. Yet, net earnings are seen 13% y-o-y higher to €3.5m, advancing 8% to €3.8m in 2023e.

All in, IT kingpin Byte should account for the bulk of 2023e divisional EBITDA and net earnings, ie 58% and 62%, respectively, making up 20% at a group level for both EBITDA and net income.

Finally, **IDEAL Electronics** revenues are expected to surge 55% y-o-y to €15.8m in 2022e, rising 12% to €17.7m in the following year. Along the same lines, we forecast EBITDA climbing 52% and 11% y-o-y to €1.4m and €1.6m, respectively, on the back of slightly reduced margins. Net income is seen 2x up to €0.6m, 20% higher to €0.7m the year after, generating 4% of 2023 group total.

Summing up, we expect proforma IT revenues to increase 26% y-o-y to €82m in 2022e, against €65m a year ago, maintaining a high-double digit momentum in 2023e as well, up 16% to €96m, representing 51% of IDEAL's total.

On the flipside, the IT gross margin should come under strong pressure in 2022e, expecting a more pronounced effect at ADACOM and IDEAL Electronics. Thereby, we forecast a gross margin deterioration of 2.3pp y-o-y to 27.8% in FY22e, dropping slightly by 0.2pp in the following year. Still, we look for IT division EBITDA growths of 16% and 12% y-o-y to almost €10m and €11.1m, respectively, through 2022-23e, with opex shaping at 15.8% and 16% of sales against 17.1% in FY21.

That said, IT EBITDA margin is retreating 1.0pp y-o-y to 12% in 2022, loosing another 0.4pp the following year, on our estimates. At the bottom-line, we expect IT net income to soar 27% y-o-y to €5.6m reflecting robust growths across the board, notably at ADACOM and IDEAL Electronics – the latter albeit from a small base. In 2023e, we see IT net income 10% higher y-o-y to €6.1m, on the back of high-single digit increases in ADACOM and Byte, making up 31% of group total.

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Information Technology sector: 2021-25e P&L (31 December, €m)

	Proforma 12/2021a	Proforma 12/2022e	12/2023e	12/2024e	12/2025e
Sales	**65.4**	**82.2**	**95.6**	**110.0**	**124.9**
% change		25.7%	16.4%	15.1%	13.5%
o/w ADACOM_Netbull	**15.4**	**20.6**	**25.7**	**30.8**	**36.4**
% change		33.8%	25.0%	20.0%	18.0%
% of IT total	23%	25%	27%	28%	29%
% of group total	12%	12%	14%	15%	17%
o/w Byte Computers	**39.9**	**45.9**	**52.3**	**58.5**	**64.4**
% change		15.0%	14.0%	12.0%	10.0%
% of IT total	61%	56%	55%	53%	52%
% of group total	32%	26%	28%	29%	30%
o/w IDEAL Electronics	**10.1**	**15.8**	**17.7**	**20.6**	**24.1**
% change		55.5%	12.0%	16.9%	16.9%
% of IT total	16%	19%	18%	19%	19%
% of group total	8%	9%	9%	10%	11%
Gross Profit	**19.7**	**22.8**	**26.4**	**30.2**	**34.0**
Gross Margin	30.1%	27.8%	27.6%	27.4%	27.2%
Total SG&A Expenses	**(11.2)**	**(13.0)**	**(15.3)**	**(17.3)**	**(18.9)**
% of sales	17.1%	15.8%	16.0%	15.7%	15.1%
EBITDA	**8.5**	**9.9**	**11.1**	**12.9**	**15.2**
% change		15.9%	12.4%	16.3%	17.5%
EBITDA Margin	13.0%	12.0%	11.6%	11.7%	12.1%
o/w ADACOM_Netbull	**1.9**	**2.5**	**3.1**	**3.7**	**4.4**
% change		29.6%	25.2%	19.9%	18.7%
% of IT total	22%	25%	28%	29%	29%
% of group total	10%	9%	10%	11%	12%
EBITDA Margin	12.3%	11.9%	12.0%	12.0%	12.0%
o/w Byte Computers	**5.7**	**6.0**	**6.4**	**7.4**	**8.7**
% change		5.5%	7.4%	14.8%	17.4%
% of IT total	67%	61%	58%	57%	57%
% of group total	31%	21%	20%	22%	23%
EBITDA Margin	14.3%	13.1%	12.3%	12.6%	13.5%
o/w IDEAL Electronics	**0.9**	**1.4**	**1.6**	**1.8**	**2.1**
% change		52.1%	11.6%	15.7%	15.7%
% of IT total	11%	14%	14%	14%	14%
% of group total	5%	5%	5%	5%	6%
EBITDA Margin	9.1%	8.9%	8.8%	8.8%	8.7%
Depreciation	(1.9)	(2.1)	(2.2)	(2.0)	(2.0)
EBIT	**6.6**	**7.7**	**8.9**	**10.9**	**13.2**
% change		17.2%	15.8%	21.6%	21.3%
EBIT Margin	10.1%	9.4%	9.3%	9.9%	10.5%
Financial Income/(Expenses)	(0.6)	(0.7)	(1.0)	(1.2)	(1.2)
EBT (Pretax Profit)	**6.0**	**7.1**	**7.9**	**9.7**	**11.9**
% change		17.6%	12.0%	22.8%	22.9%
EBT Margin	9.2%	8.6%	8.3%	8.8%	9.6%
Taxation	(1.6)	(1.5)	(1.8)	(2.2)	(2.7)
Effective Tax Rate	26.7%	20.6%	22.3%	22.3%	22.9%
Net Profit	**4.4**	**5.6**	**6.1**	**7.5**	**9.2**
% change		27.3%	9.8%	22.8%	22.0%
Net Margin	6.7%	6.8%	6.4%	6.9%	7.4%
o/w ADACOM_Netbull	**1.0**	**1.5**	**1.6**	**2.2**	**2.7**
% change		50.6%	9.1%	35.6%	23.1%
% of IT total	22%	26%	26%	29%	29%
% of group total	9%	9%	8%	10%	12%
o/w Byte Computers	**3.1**	**3.5**	**3.8**	**4.5**	**5.5**
% change		13.3%	8.2%	18.0%	21.1%
% of IT total	71%	63%	62%	60%	59%
% of group total	30%	21%	20%	21%	24%
o/w IDEAL Electronics	**0.3**	**0.6**	**0.7**	**0.9**	**1.1**
% change		96.4%	20.4%	19.5%	23.3%
% of IT total	7%	11%	12%	11%	12%
% of group total	3%	3%	4%	4%	5%

Source: Company data, Pantelakis Securities

Bringing it altogether: the big picture

At a group level, we forecast 2022e revenues jumping 39% to €173m, courtesy of a massive 54% increase in Industrial, outpacing IT's 26% growth by a good margin. For FY23e, we expect sales slowdown to +8% y-o-y to €187m, held back by exceptionally tough y-o-y comparisons in the Industrial business, ie flat at €91m, with IT taking the front, up 16% to €95.6m.

In FY22e, the gross margin is seen marginally down to 29.6%, before rising by almost a 1.0pp y-o-y in the following year. This, in turn, would largely relate to a major gross margin uplift of 2.3pp y-o-y in the Industrial business unit, more than offsetting negative mix effects: stronger contribution from lower gross-margin IT sales, ie 27.6% vs Industrial's division's 33.6%.

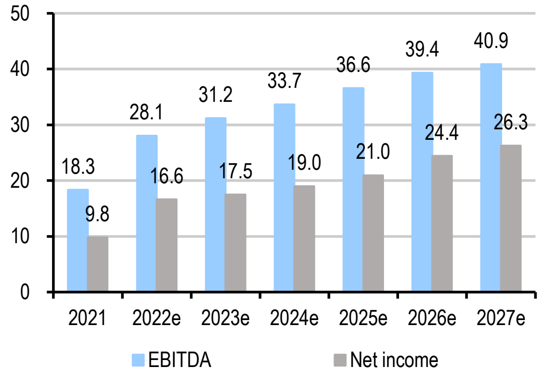
And with total opex easing at 13.4% of sales, we see 2022e group EBITDA soaring 53% y-o-y to €28.1m from €18.3m in FY21, up 11% to €31.2m the subsequent year. Actually, our calculations imply an EBITDA margin hike to 16.2% and 16.7% over 2022-23e, against 14.7% in FY21, with operating leverage working its magic.

In a similar fashion, we look for a stellar growth of 70% y-o-y to €16.2m in proforma 2022e net profit, expanding by 5% to €17.5m in the succeeding year.

Based on our projections, leverage should remain at comfortable levels, with 2022e net debt/EBITDA at 0.7x in 2022e, on our projections, edging lower to 0.5x the next year. In fact, we expect IDEAL end-2023e net debt to decrease to €14.9m from €18.8m in the previous year, on solid €12m FCF generation.

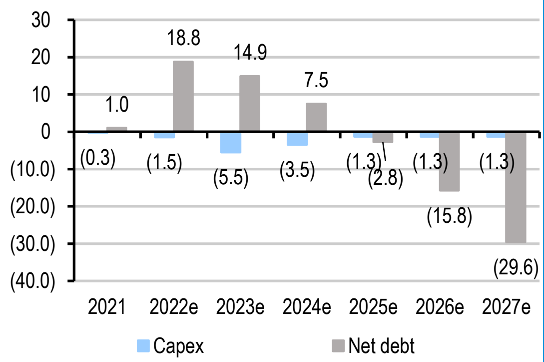
This would allow for stronger shareholder remuneration, going forward, we believe. For 2023e, we pencil-in a remuneration of €0.20 per share in the form of two cash returns (going ex-€0.10 per share on 26 June), implying a strong 5.7% DY. This compares with last year's €0.19/share total capital return – split between €0.07 and €0.12 payments, respectively.

IDEAL Holdings: 2021-27e EBITDA, net income (€m)



Source: Company data, Pantelakis Securities   Note: 2021 & 2022 on a proforma basis

IDEAL Holdings: 2021-27e capex, net debt/(cash) (€m)



Source: Company data, Pantelakis Securities

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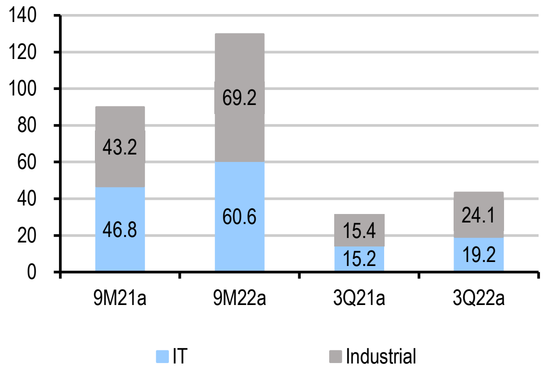
IDEAL Holdings: 2021-25e P&L (31 December, €m)

	Proforma 12/2021a	Proforma 12/2022e	12/2023e	12/2024e	12/2025e
Sales	**124.6**	**173.2**	**186.8**	**200.5**	**217.2**
% change		39.0%	7.8%	7.3%	8.3%
o/w Industrial	**59.2**	**91.0**	**91.1**	**90.5**	**92.3**
% change		53.7%	0.1%	-0.7%	2.0%
% of group total		53%	49%	45%	42%
o/w IT	**65.4**	**82.2**	**95.6**	**110.0**	**124.9**
% change		25.7%	16.4%	15.1%	13.5%
% of group total		47%	51%	55%	58%
Gross Profit	**36.9**	**51.3**	**56.3**	**60.3**	**64.8**
Gross Margin	29.7%	29.6%	30.2%	30.1%	29.8%
Administration Expenses	(9.2)	(12.9)	(12.2)	(12.9)	(13.7)
% of sales	7.4%	7.5%	6.5%	6.5%	6.3%
Selling Expenses	(9.0)	(10.3)	(12.5)	(13.2)	(14.1)
% of sales	7.2%	6.0%	6.7%	6.6%	6.5%
Other Expenses	(0.5)	0.0	(0.5)	(0.5)	(0.5)
Total SG&A Expenses	**(18.6)**	**(23.3)**	**(25.2)**	**(26.6)**	**(28.2)**
% of sales	14.9%	13.4%	13.5%	13.3%	13.0%
EBITDA	**18.3**	**28.1**	**31.2**	**33.7**	**36.6**
% change	36.7%	53.2%	11.1%	8.0%	8.6%
EBITDA Margin	14.7%	16.2%	16.7%	16.8%	16.8%
o/w Industrial	**10.3**	**19.4**	**21.1**	**21.8**	**22.4**
% change		88.0%	8.6%	3.3%	2.8%
% of group total	56%	69%	68%	65%	62%
o/w IT	**8.5**	**9.9**	**11.1**	**12.9**	**15.2**
% change		15.9%	12.4%	16.3%	17.5%
% of group total	46%	35%	36%	38%	41%
Consolidation differences	(0.5)	(1.2)	(1.0)	(1.0)	(1.0)
Depreciation	(3.3)	(3.6)	(3.5)	(3.9)	(4.2)
EBIT	**15.0**	**24.5**	**27.7**	**29.7**	**32.4**
% change		63.2%	12.9%	7.5%	8.9%
EBIT Margin	12.0%	14.1%	14.8%	14.8%	14.9%
Financial Income/(Expenses)	(1.0)	(2.3)	(3.9)	(3.9)	(3.9)
EBT (Pretax Profit)	**14.0**	**22.1**	**23.8**	**25.8**	**28.5**
% change		58.5%	7.4%	8.6%	10.2%
EBT Margin	11.2%	12.8%	12.7%	12.9%	13.1%
Minorities	(0.8)	(0.8)	(1.1)	(1.2)	(1.2)
Taxation	(3.4)	(4.7)	(5.2)	(5.7)	(6.3)
Effective Tax Rate	24.1%	21.4%	21.9%	21.9%	22.2%
Net Profit	**9.8**	**16.6**	**17.5**	**19.0**	**21.0**
% change		69.6%	5.2%	8.5%	10.5%
Net Margin	7.9%	9.6%	9.4%	9.5%	9.6%

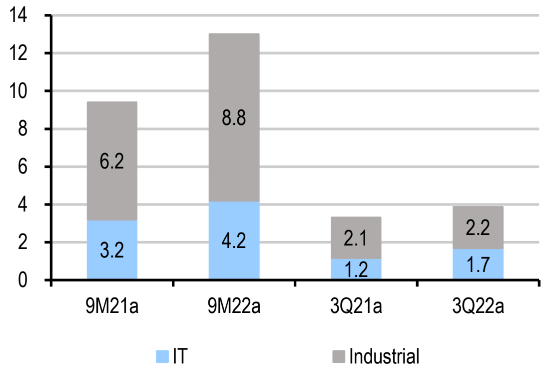
Source: Company data, Pantelakis Securities

9M/Q3 2022a revenue breakdown (30 Sep, €m)



Source: Company data

9M/Q3 2022a net profit breakdown (30 Sep, €m)



Source: Company data

Appendix: Proforma 9M net income grew 17% y-o-y to €11.2m, flattish at €3.3m in Q3 though

On a proforma ongoing business (full comparable) basis, IDEAL group revenues surged 38% y-o-y to €44.7m in Q3, on par vs first half's growth rate. Quarterly Industry revenues climbed 57% y-o-y to €24.2m, outpacing Information Technology (IT) by a clear margin: up 27% y-o-y to €19.2m, representing 44% of group total after adjusting for consolidation differences.

Notwithstanding robust sales growth, **Industry** EBITDA advanced 11% y-o-y to €3.8m in Q3, mirroring a sharp margin erosion of 6.6pp to 15.9%, compared to a rather moderate 1.1% fall recorded in proforma H1 (including Byte figures). Adversely affected by increased depreciation/amortisation and financial expenses, net earnings expanded by a modest 2% y-o-y to €2.2m, suggesting a rapid deceleration when screened against first half's stellar 63% growth.

On the other hand, **IT business** EBITDA jumped 44% y-o-y to €2.8m, mirroring a margin enhancement of 1.7pp to 14.7%, against a decline of 1.1pp in H1. Along the same lines, quarterly IT net profit soared 45% y-o-y to €1.7m from €1.2m in 3Q21.

And while Industry division remained the cornerstone of revenue generation for yet another quarter, IT took the front seat in net income growth, making up 52% of Q3 total against 32% in H1. In fact, quarterly group EBITDA grew 12% to €6.1m, with net earnings breaking-even at €3.3m, out of which €1.7m relate to the IT business segment.

On a **Proforma 9M basis**, group revenues, EBITDA and net income posted growths of 38%, 22% and 17% y-o-y to €134.5m, €19.2m and €11.2m, respectively.

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IDEAL Holdings: 9M/Q3 2022a group results (30 Sep, €m)

	9M21a	9M22a	y-o-y ch.	3Q21a	3Q22a	y-o-y ch.
Group Sales	**97.7**	**134.5**	***38%***	**32.5**	**44.7**	***38%***
o/w IT	**46.8**	**60.6**	***29%***	**15.2**	**19.2**	***27%***
o/w Industrial	**43.2**	**69.2**	***60%***	**15.4**	**24.1**	***57%***
EBITDA	**15.8**	**19.2**	***22%***	**5.5**	**6.1**	***12%***
EBITDA Margin	16.2%	14.3%	*(1.9pp)*	16.9%	13.7%	*(3.2pp)*
IT/Industrial EBITDA	**15.5**	**21.0**	***35%***	**5.4**	**6.7**	***23%***
EBITDA Margin	17.2%	16.2%	*(1.0pp)*	17.8%	15.4%	*(2.4pp)*
o/w IT	**5.9**	**7.5**	***27%***	**2.0**	**2.8**	***44%***
EBITDA Margin	12.6%	12.4%	*(0.2pp)*	13.0%	14.7%	*1.7pp*
o/w Industial	**9.6**	**13.5**	***41%***	**3.5**	**3.8**	***11%***
EBITDA Margin	22.2%	19.5%	*(2.7pp)*	22.5%	15.9%	*(6.6pp)*
Consolidation differences	0.3	(1.8)		0.0	(0.5)	
EBT	**12.8**	**15.0**	***17%***	**4.4**	**4.6**	***4%***
EBT Margin	13.1%	11.2%		13.6%	10.3%	
Taxation	(3.2)	(3.8)	*19%*	(1.1)	(1.3)	*17%*
Effective Tax Rate	3.3%	2.8%		3.5%	2.9%	
Net Profit	**9.6**	**11.2**	***17%***	**3.3**	**3.3**	***0%***
Net Margin	9.8%	8.3%		10.1%	7.3%	
IT/Industrial net profit	**9.4**	**13.0**	***38%***	**3.3**	**3.9**	***17%***
Net Margin	10.4%	10.0%		10.8%	8.9%	
o/w IT	**3.2**	**4.2**	***31%***	**1.2**	**1.7**	***45%***
Net Margin	6.8%	6.9%		7.7%	8.8%	
o/w Industrial	**6.2**	**8.8**	***42%***	**2.1**	**2.2**	***2%***
Net Margin	14.4%	12.7%		13.9%	9.0%	
Consolidation differences	0.2	(1.8)		(0.0)	(0.6)	

Source: Company data

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Disclosure appendix

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16/01/2023	Rating: Not Rated	Price: €3.50	Target Price: -

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Company	Tickers	Recent price	Price Date	Disclosure
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Disclaimer

Issuer of report
Pantelakis Securities SA
57B Ethnikis Antistaseos
152 31 Chalandri, Athens, Greece
Telephone: +30 210 69 65 000
Fax: +30 210 69 29 587

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