

**SPONSORED RESEARCH**

## THRACE PLASTICS

### Positioned for demand bounce back Vol 2

**2024: Margin pressure in a tough year** – In a year characterized by sustained demand headwinds and rising costs pressure, Thrace EBITDA was weighed down by category/product mix, despite the 7% yoy increase in the top line. Adj. EBITDA was down by 4% yoy to €42.3m in 2024, while group turnover advanced to €370m driven by strong volume growth (+10% yoy). 2024 PBT shaped at €13.7m, down vs adj. EBT of €20.2m in 2023, weighed by one-off costs and elevated depreciation charges. As a result, net profit shaped at €10.6m (-40% yoy).

**Heading for growth in 2025** – We have refreshed our forecasts to reflect improved volumes from new capacity and conversion investments while keeping pricing flat amid a soft macro backdrop. We lift our 2025e revenues by 4% to €399m (+7.6% yoy). However, we account for a sustained low gross margin level of <21%, as production costs remain demanding, only partially offset by commodity price relief. As such we lower our EBITDA by 11% in 2025 to €43.7m (+6% yoy).

**Medium-term growth shifts to 2026–27** – We believe Thrace remains well positioned to leverage on demand recovery (maintaining market shares) and extract efficiencies from its automation and capacity investments. As such we have moved further out the operating leverage benefits previously anticipated, looking for accelerating EBITDA growth of c11% in 2026-27e, with margins improving towards the 12% level (lower than the 14% previously anticipated). This corresponds to c9% 3-yr EBITDA CAGR, on c6% annual revenue growth, and a more pronounced +14% EBIT CAGR as depreciation trends moderate looking ahead, especially in the Technical Fabrics segment.

**Cash flow strength underpins growth & returns** – Thrace group continues to convert >80% of its EBITDA to operating cash flow, allowing it to proceed with large scale investments (new production technologies, expanded capabilities, automations, infrastructure & maintenance), which have surpassed €190m since 2019. At the same time the group has returned c€50m to shareholders, while maintaining a healthy balance sheet, with leverage <1x EBITDA (vs 1.4-3.2x in the pre-covid years). With FCF conversion set to average c50% in the coming years on our estimates, we believe Thrace is set to sustain its growth-investment-return balance and drive pre-tax ROIC toward high single digits.

**Valuation** – Our updated DCF incorporates trimmed earnings forecasts and a slightly higher WACC, reflecting elevated market volatility, yielding a fair value range of €265m–€359m. Our baseline points to a 12-month fair value of €7/share, still indicating significant upside. Our reverse engineering exercise suggests that current price levels reflect the challenging market dynamics faced in the past two years and profitability erosion, implying a sustained EBIT level <€20m. Overall, we believe that Thrace is well placed to capture the demand bounce-back, while continuing to remunerate shareholders.

Estimates					
€ mn	2023	2024	2025e	2026e	2027e
Revenues	345.4	370.4	398.6	420.5	445.0
EBITDA	44.0	41.4	43.7	48.4	53.5
EBIT	20.7	15.7	16.6	19.4	23.4
Net profit	17.8	10.4	11.7	14.0	17.1
EPS	0.41	0.24	0.27	0.32	0.39
DPS	0.24	0.24	0.21	0.21	0.22

Valuation					
	2023	2024	2025e	2026e	2027e
P/E	11.0x	16.9x	14.2x	11.9x	9.7x
Adj. EV/EBITDA	4.6x	5.1x	4.6x	4.0x	3.4x
EBIT/Interest Expense	4.4x	3.3x	4.4x	5.4x	7.0x
Dividend Yield	5.4%	6.0%	5.4%	5.5%	5.8%
ROE	6.6%	3.8%	4.3%	5.1%	6.1%

Source: Eurobank Equities Research.

**Market Cap (€ mn)** €166.7  
**Closing Price (18/07)** €3.81

#### Stock Data

Reuters RIC	THRr.AT
Bloomberg Code	PLAT GA
52 Week High (adj.)	€4.35
52 Week Low (adj.)	€3.54
Abs. performance (1m)	3.0%
Abs. performance (YTD)	-2.9%
Number of shares	43.7mn
Avg Trading Volume (qrt)	€136k
Est. 3yr EPS CAGR	18.2%
Free Float	34%

#### Thrace Plastics Share Price



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

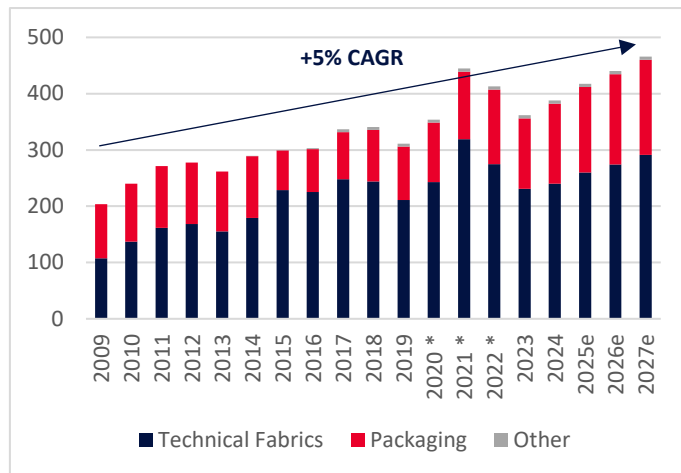
*See Appendix for Analyst Certification and important disclosures.*

## Contents

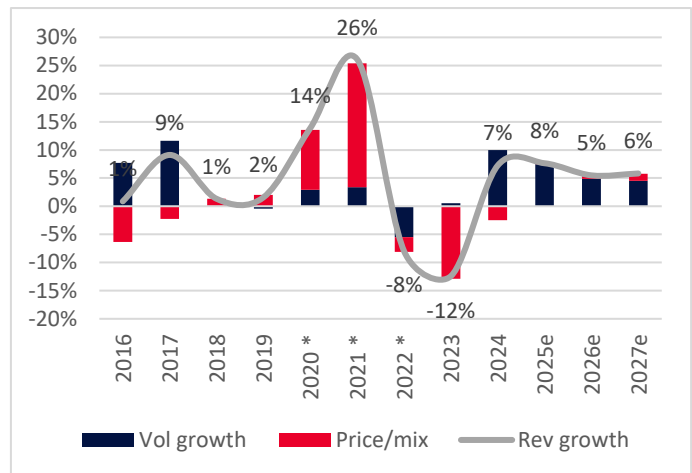
Investment thesis in 6 charts .....	3
Share price performance and valuation .....	4
DCF-based valuation returns a value ranging between €265-359m .....	6
2024: A tough year eating into margins .....	7
Mkt dynamics revisited.....	9
Looking ahead: Well-placed for a demand bounce back .....	9
1. Guidance indicates material growth in the remainder of the year.....	9
2. More sales, less margin .....	10
3. Forecast changes .....	12
Segmental forecasts .....	13
Healthy cash flow generation remains key to the thesis .....	14
Q1'25 Review.....	15
Group Financial Statements.....	16

## Investment thesis in 6 charts

We estimate 6.3% revenue CAGR in the coming years...



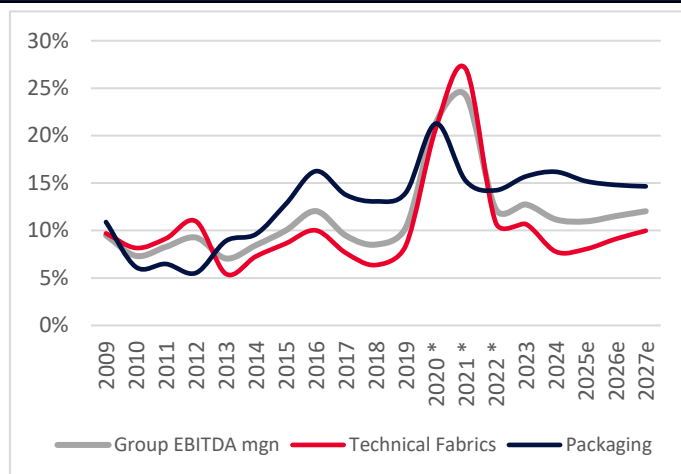
...led by volume growth...



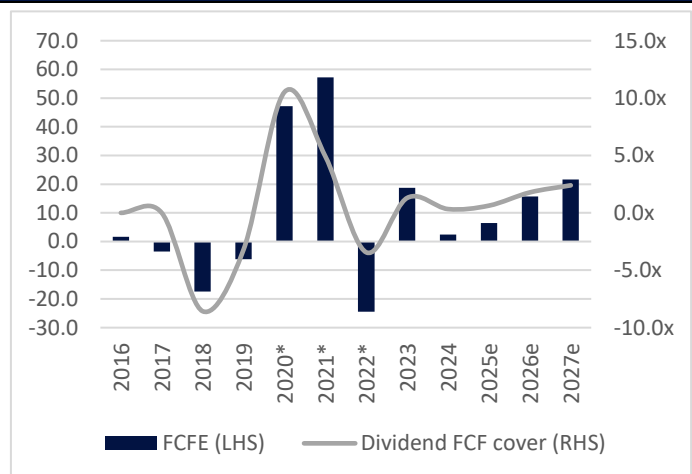
Source: Company, Eurobank Equities Research, Bloomberg

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

...albeit on compressed EBITDA margins, impacted by the mix



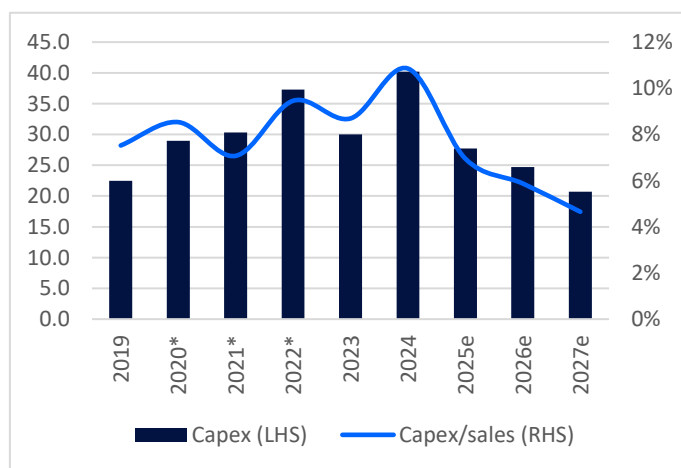
Free cash flow generation remains solid, providing optionality on dividend payments...



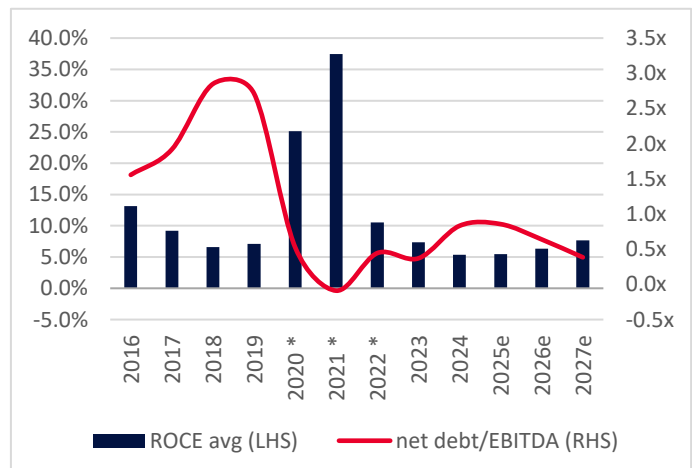
Source: Company, Eurobank Equities Research, Bloomberg

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

...while the group is continuing with its investments (c€190m since 2019)



ROCE set to trend back towards high single digit levels, while balance sheet remains healthy



Source: Company, Eurobank Equities Research, Bloomberg

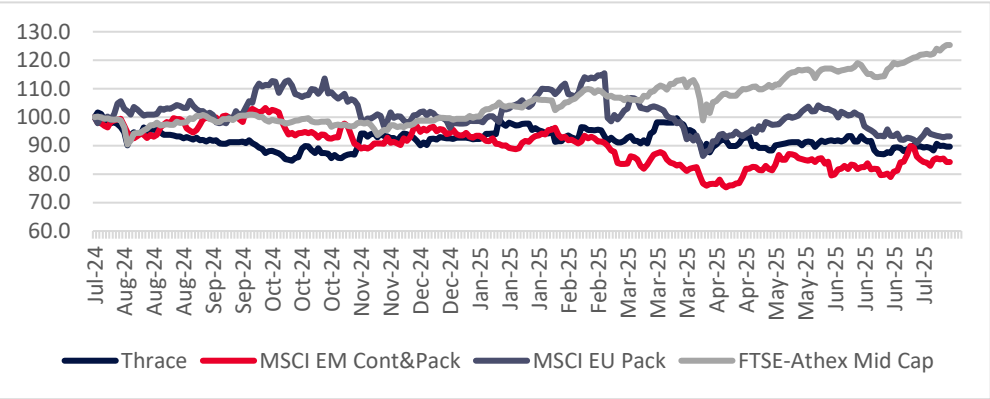
\* 2020-22 numbers include significant temporary boost from PPE-related products (of €23m, €52m and €5m in profitability, respectively)

Share price performance and valuation

Muted stock performance; in broad sync with peers

Thrace shares have been broadly flat year-to-date (-2.9%), as investors await clearer signs of a turnaround, while the company has distributed €0.23/share (6% yield) in dividends. The stock has underperformed the Greek ex-financials index over the past year, weighed down by weak construction demand in the UK and Scotland and continued pricing pressure in European markets. That said, Thrace had been outperforming the MSCI Emerging Markets Packaging Index from end-2024. On a broader basis, the stock continues to underperform the Europe Packaging Index though it holds its ground against regional peers—supported by its strong export footprint and investment-led positioning.

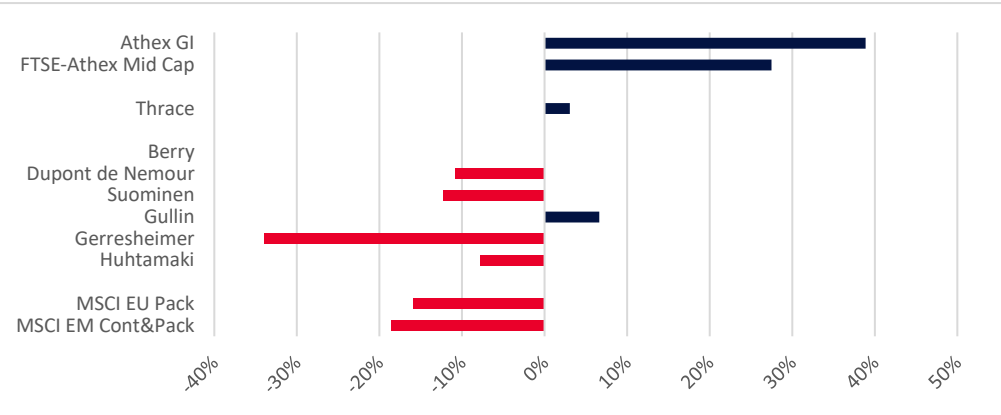
12-mth performance (rebased) | Thrace Plastics vs EU and EM packaging & Greek non-financial



Source: Eurobank Equities Research, Bloomberg.

Looking into the total return from the beginning of the year, Thrace is among few positive performers, thanks to the interim dividend distributed early in the year, and compares favorably vs a group of peers and the MSCI pack segment YtD.

Performance YtD (Total Return)



Source: Eurobank Equities Research, Bloomberg

**Remains at >40% discount to peers on EV/EBITDA multiples**

Looking at a broad set of comparable metrics, Thrace Plastics continues to stand out as offering a compelling combination of attractive valuation, strong balance sheet, a mid-to-high single digit EBITDA growth rate and a superior yield.

Peer group valuation								
Stock	Mkt Cap	PE		EV/EBITDA		Dividend yield		Net debt /EBITDA
		2025e	2026e	2025e	2026e	2025e	2026e	1yr Fwd
THRACE PLASTICS (EEe)	166	14.2x	11.9x	4.6x	4.0x	5%	6%	0.8x
HUHTAMAKI OYJ		12.5x	11.6x	7.6x	7.2x	4%	4%	1.9x
GERRESHEIMER AG	3,338	13.0x	10.6x	8.1x	7.2x	1%	2%	4.0x
GROUPE GUILLIN	1,619	9.1x	8.9x	4.7x	4.6x	3%	3%	0.0x
BERRY GLOBAL GRO	541	11.5x	10.4x	7.6x	7.1x	6%	6%	4.2x
SUOMINEN OYJ	19,071		18.2x	11.0x	5.7x	1%	3%	4.4x
DUPONT DE NEMOUR	117	17.6x	16.1x	11.4x	10.7x	2%	2%	1.4x
<b>Median</b>		<b>12.5x</b>	<b>11.1x</b>	<b>7.8x</b>	<b>7.1x</b>	<b>3%</b>	<b>3%</b>	<b>2.9x</b>
<b>World Packaging index</b>		<b>14.9x</b>	<b>12.7x</b>	<b>8.3x</b>	<b>7.4x</b>	<b>3%</b>	<b>3%</b>	<b>2.1x</b>

Source: Eurobank Equities Research, Bloomberg.

## DCF-based valuation returns a value ranging between €265-359m

**12mth baseline fair value at €7.0/share pointing to hefty upside potential**

In our valuation methodology we use a DCF model which generates a 12-month forward baseline fair value of €305m. This translates to a base value of €7.0 per share, down from €7.7 previously as a result of the c11% average downgrade to our EBITDA forecasts. The current stock price continues to point to a hefty >80% upside, with the shares effectively embedding a rather pessimistic sustainable EBIT level <€20m (>40% lower than our forecast for 2029e).

Our intrinsic value effectively places the stock at 7.3x 12mth forward EV/EBITDA (in broad sync with the historic multiple of World packaging companies and Thrace's peer group).

Our DCF-based valuation is predicated on the following assumptions:

- A WACC of 9.8%, a tad higher than 9.5% previously, as we account for the tariff-induced volatility in the financial markets which has led to a re-pricing of risk premia.
- Sales CAGR of 5.5% over the medium term (2024-29e) as investments filter through to volume growth, and a lower 3-4% rate in the years ahead.
- EBIT CAGR of 12.5% over the mid-term, with a 1.6pps margin expansion in the same period (2024-29e).
- A normalized terminal FCF near €27m and a sustainable growth rate of 1%, as Thrace is leveraging on the significant growth and tech-driven investments of the past few years. This indicates a reinvestment rate in the mid single digits.
- Implied FCF conversion (FCF/EBITDA) in the long term at c50% on average, a level we consider feasible and consistent with a low-to-mid single digit growth rate incorporated in our numbers post 2026.

A summary of our baseline DCF can be seen below:

Thrace Plastics DCF							
	2025e	2026e	2027e	2028e	2029e	...	Terminal
NOPAT	12.9	15.1	18.2	20.7	22.0		
Depreciation	27.1	29.0	30.2	31.2	32.3		
Capex	(27.7)	(24.7)	(20.7)	(20.9)	(21.1)		
Working Capital	(3.0)	(0.9)	(3.3)	0.2	0.7		
<b>Enterprise cash flow</b>	<b>9.3</b>	<b>18.5</b>	<b>24.4</b>	<b>31.3</b>	<b>33.9</b>	...	<b>27.6</b>
PV	9.3	16.9	20.2	23.7	23.4	...	11.9
PV of terminal value	136.2						
<b>Enterprise Value – end 2024e</b>	<b>330.3</b>						
Net (debt) incl. leases / other claims	(32.4)						
Expected dividend	(10.3)						
<b>Equity value (ex-div)</b>	<b>287.7</b>						
no. of shares	43.7						
<b>1-year fair value (ex-div)</b>	<b>304.6</b>						
<b>12-month indicative value per share</b>	<b>7.0 €</b>						

Source: Eurobank Equities Research

A basic sensitivity on a combination of WACC and terminal growth rates is presented at the table below. As we can see, flexing our WACC and perpetuity growth inputs by 1% and 0.5% respectively yields a fair value range between €265m and €359m.

DCF Sensitivity						
WACC		Perpetuity growth				
		0.0%	0.5%	1.0%	1.5%	2.0%
	8.8%	324	335	346	359	374
	9.3%	306	314	324	335	348
	<u>9.8%</u>	289	296	<b>305</b>	314	325
	10.3%	273	280	287	295	304
	10.8%	259	265	271	278	286

Source: Eurobank Equities Research

## 2024: A tough year eating into margins

### 2024 profit down, despite volume growth

Thrace announced modest FY'24 profitability performance, as group EBITDA was pressured by lower selling prices and a higher cost base, which more than offset volume-driven revenue growth. The waning construction market in the UK and elevated competition in EU played a significant role in the price pressures.

Thrace delivered a solid 7% yoy sales increase in 2024 to €370m, driven by robust volume growth of 10% and coming in c3% ahead of our forecast. Packaging remained the key engine, with revenues up 8.5% yoy to €136m, while Technical Fabrics rose a more muted 2% yoy to €235m. However, a steep rise in COGS and a slower pass-through of cost inflation in Technical Fabrics weighed on profitability, with the division's gross margin down 2.3pps yoy. At group level the gross margin dropped to 20.8% (1.5pps yoy). 2024 EBITDA settled at €41.4mn, down 6% yoy (or €42.3m, -4% yoy on an adjusted basis), and below our forecast for €44m. 2024 EBT fell by 36% yoy to €13.7m and net profit dropped to €10.4m from €17.8m in 2023, which included one-off gains of c€1m.

### Solid operational cash flow sustained

Cash flow wise, operating cash flow generation remained solid (€42m) aided by efficient working capital mgt, fully covering the €38m in investments. The group ended the year with a net debt position of €34m, maintaining a strong financial position (<1x net debt/EBITDA) while at the same time remunerating shareholders. On the latter, mgt has proposed a final dividend of €0.17/share (c4.3% div. Yield, AGM 28/05, ex-div 10/06). As a reminder Thrace has already distributed an interim dividend of €0.068/share taking the total remuneration related to FY24 to €0.23/share.

Thrace Plastics 2024 results overview			
EUR mn	FY'23	FY'24	yoy %
Sales	345.4	370.4	7.2%
Gross Profit	77.1	77.1	0.1%
Gross Margin	22.3%	20.8%	-1.5 pps
EBITDA	44.0	41.4	-6.0%
EBITDA Margin	12.7%	11.2%	-1.6 pps
Adj. EBITDA	44.0	42.3	-4.0%
Adj. EBITDA Margin	12.7%	11.4%	-1.3 pp
EBT	21.3	13.7	-35.6%
EAT	17.8	10.4	-41.7%
of which underlying	16.8	10.4	-38.4%
DPS (EUR)	0.24	0.24	
EUR mn	FY'23	FY'24	
OCF	47.1	41.9	
Net Debt / (cash)	16.3	34.4	
Inflow/(Outflow)	5.2	-18.1	

Source: Company, Eurobank Equities Research

### Packaging supported 2024 figures

Across the segments, 2024 figures were supported by the packaging unit, which grew volumes 16% yoy, and revenues 13% yoy, led by strong demand and growth investments. In the packaging business, Thrace grew EBITDA by +17% yoy, thus pointing to an improved margin of 16.2% in the segment (+0.5pps yoy) despite the rising cost-base.

On the other hand, technical fabrics suffered a 24% yoy drop in 2024 EBITDA despite the c4% yoy rise in revenues (+6% in volume), thus pointing to a 2.9pps margin erosion. As reported, one of the main affected subsidiaries was Don & Low (Scotland), which was burdened by the weak demand in the UK and the elevated production costs (inflation, labor, energy). The group is currently implementing a comprehensive restructuring plan in the aforementioned subsidiary, while maintaining its focus on the market share.

2024 breakdown by business unit			
	FY'23	FY'24	yoy %
<b>Sales (EUR mn)</b>			
Technical Fabrics	230.8	240.2	4.1%
Packaging	125.2	141.9	13.3%
<b>Group</b>	<b>345.4</b>	<b>370.4</b>	<b>7.2%</b>
<b>EBITDA (EUR mn)</b>			
Technical Fabrics	24.6	18.7	-24.2%
Packaging	19.7	23.0	16.9%
<b>Group EBITDA</b>	<b>44.0</b>	<b>41.4</b>	<b>-6.0%</b>
<b>EBITDA margins</b>			
Technical Fabrics margin	10.7%	7.8%	-2.9 pp
Packaging margin	15.7%	16.2%	0.5 pp
<b>Group EBITDA margins</b>	<b>12.7%</b>	<b>11.2%</b>	<b>-1.6 pp</b>

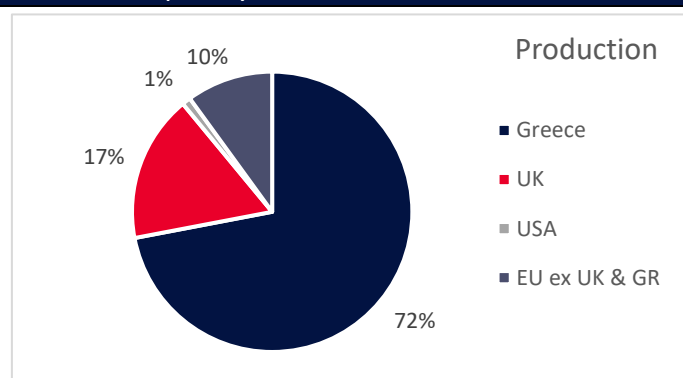
Source: Company, Eurobank Equities Research

## Sales shifting towards Greece and rest Europe ex EU

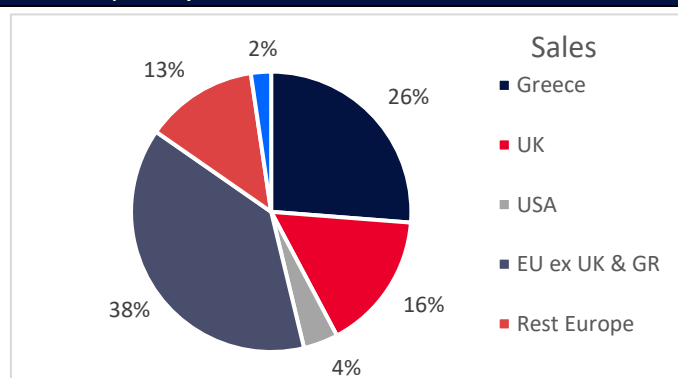
In 2024, Thrace sales in EU (excl. Greece and the UK) still accounted for the majority of group sales (38%), followed by sales in Greece, which made up 26% of the total (up from 23% in 2023), and UK (stable at 16% of total). Sales in the rest of Europe increased to c13% of total (vs 10% in 2023), with the remaining c6% of the total mix in US and other countries.

In terms of production, Greece remains the core manufacturing hub, accounting for c75% of volumes, followed by the UK at 17%, with the remainder (11%) stemming from the EU and US. The group currently runs at 75–80% capacity utilisation, with greater headroom in packaging lines following recent investments—pointing to solid growth optionality once demand strengthens.

2024 Production | Country breakdown



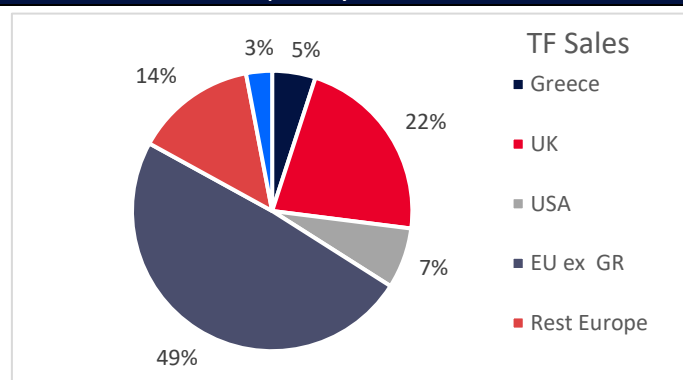
2024 Sales | Country breakdown



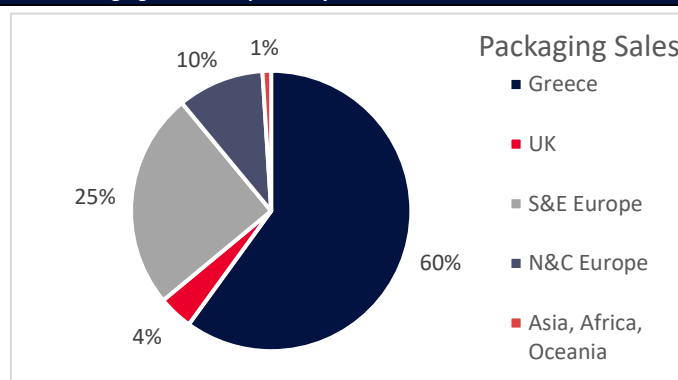
Source: Company, Eurobank Equities Research

Per segment, packaging sales account for 38% of the group total, majority driven by Greece (60% of total packaging sales). In technical fabrics, most of the sales come from the European Union countries (54% of total including Greece), with another c22% from the UK market.

2024 Technical Fabrics Sales | Country breakdown



2024 Packaging Unit Sales | Country breakdown



Source: Company, Eurobank Equities Research

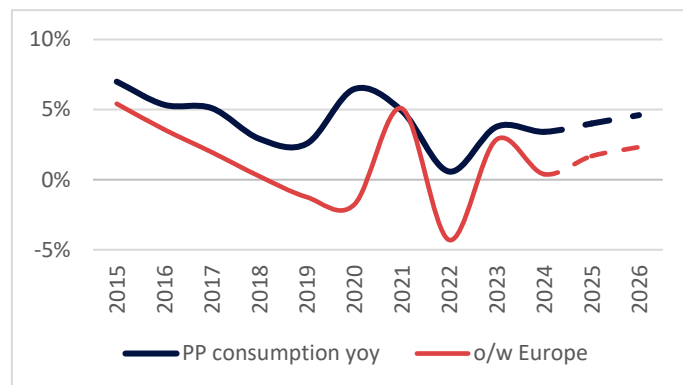


## Mkt dynamics revisited

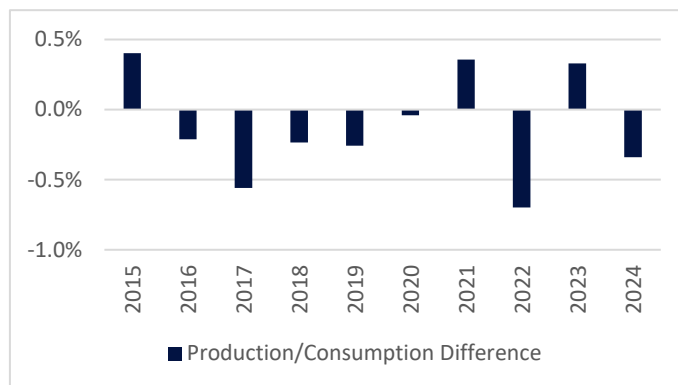
### Polypropylene consumption deceleration in 2024

Consumption for polypropylene related products slowed down in 2024, with Europe the mostly impacted market (charted below). Historical trends suggest that production has largely tracked demand, though consumption has typically grown faster, tightening capacity and lifting utilization rates. This benefits Thrace, as the company has been investing in capacities and newer technology equipment and is well placed to capture the demand uptick.

Consumption in Europe grew at a decelerating pace in 2024...



...with lower production implying lower capacities/higher utilization



Source: Eurobank Equities Research, Bloomberg

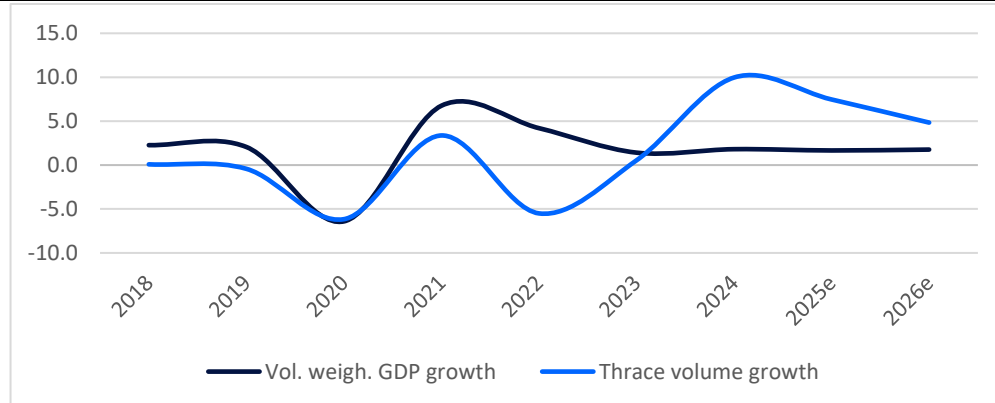
## Looking ahead: Well-placed for a demand bounce back

### 1. Guidance indicates material growth in the remainder of the year

### Mgt guides for +6% yoy EBITDA growth in 2025, bouncing back to 2023 levels...

Management expects EBITDA to recover in 2025, guiding for a return to levels near the €44m posted in 2023—despite ongoing headwinds in Q1'25 from sharply higher energy costs. This is underpinned by volume growth, streamlining changes in Scotland, returns from investments and a low base. Encouragingly, Thrace has consistently outpaced GDP growth across its key markets over the past two years, a reflection of its ability to monetise past investments.

Blended GDP growth vs Thrace volume growth



Source: Company, Eurobank Equities Research

### ...despite -25% in Q1'25 EBITDA

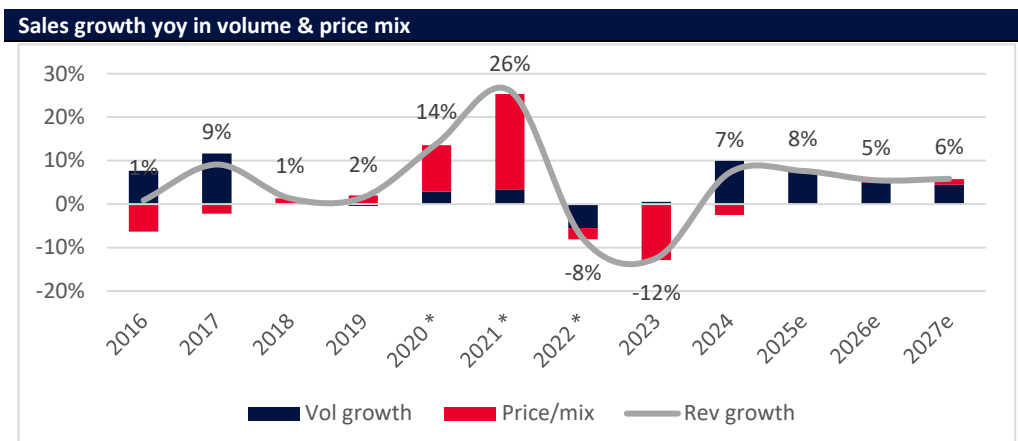
Q1'25 performance was weighed by a €2.5m spike in energy costs, while comparing to a strong quarter a year ago, with the EBITDA dropping 25% yoy to €9.2m. Guidance for 2025 EBITDA near 2023 levels of c€44m points to +20% yoy EBITDA growth for the remainder of the year, with mgt indicating that a big part of the recovery will be in Q2'25e (H1'25e EBITDA expected moderately lower to flattish vs last year).

## 2. More sales, less margin

**We revise revenues c4% higher on volume momentum...**

Following the results release and the guidance update, we have revised our forecasts to reflect stronger-than-expected volume growth, although we note that pricing remains subdued. For 2025e we model volumes of 130m units (+7% yoy), a bit higher to Q1 run rates, and a flattish average price per unit. This drives projected 2025 revenues to €399m, up by 7.6% yoy and c4% above our prior estimate. We now expect revenue to grow at 6% CAGR in 2025-27e.

In the chart below we illustrate the breakdown of sales growth into volume and price mix components.



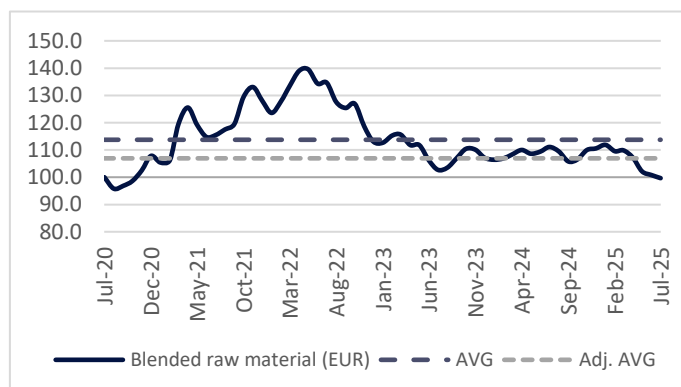
Source: Company, Eurobank Equities Research

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

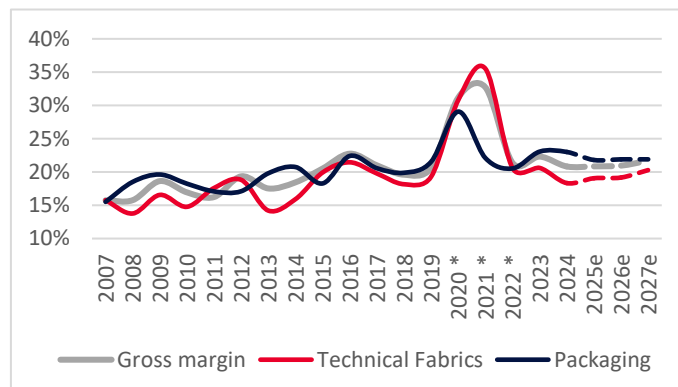
**Opex pressures offset raw material relief...**

On the COGS front, falling raw material costs support Thrace's model, but rising energy (since Q4'24) and payroll costs are expected to offset much of the benefit. As a result, we project a flat gross margin of 20.8% in 2025, with a somewhat rising margin in technical fabrics and a slightly lower margin in packaging. From 2026e, we anticipate a further recovery in technical fabrics towards the 20% level (driven by mix) and a sustained c22% gross margin in packaging.

**Declining 5-year blended raw material costs, below the adj. average which excludes abnormal Feb'21-Mar'23 period**



**Gross margin evolution – Re-based towards 20% (group) from 15% pre 2019**



Source: Company, Eurobank Equities Research, Bloomberg

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

**Opex inflation diluting positive leverage effect**

We expect operating cost headwinds to linger, due to volatile transport expenses amid ongoing macro and geopolitical uncertainty. We also factor in higher depreciation from continued investment and only a modest easing in net financial costs, assuming a gradually improving rate environment.

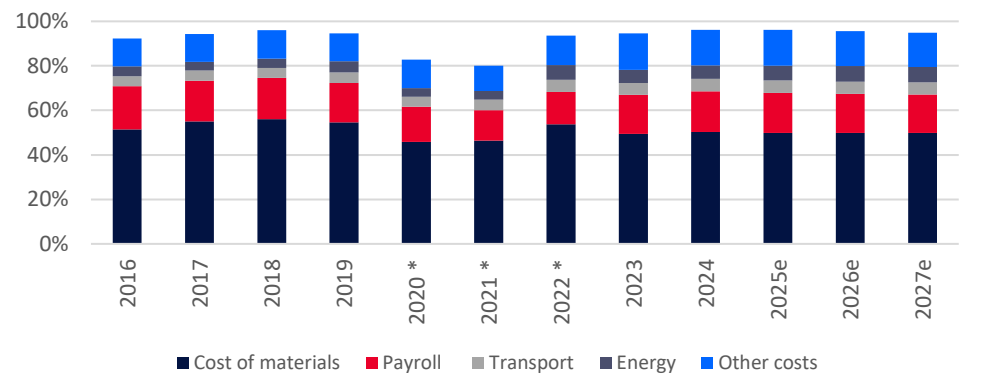
**We thus reduce EBITDA by 11% on average...**

We now forecast 2025 EBITDA at €43.7m (+5.7% yoy), implying an 11.0% margin—well below our previous 12.9% estimate, as margin recovery proves slower than initially expected. At the

... but still project return to 2-digit growth from 2026e

bottom line, we project EBIT of €16.6m (+6% yoy), EBT of €15.4m (+12% yoy), and net profit of €11.7m (+13% yoy). Looking further ahead, we model 11% annual EBITDA growth over 2026–27e, reaching €53.5m and a 12% margin by 2027e. EBT is expected to grow at a 17% CAGR through this period, underpinned by operating leverage and easing financial charges—supporting a steady bottom-line recovery.

## Total Costs at EBIT level

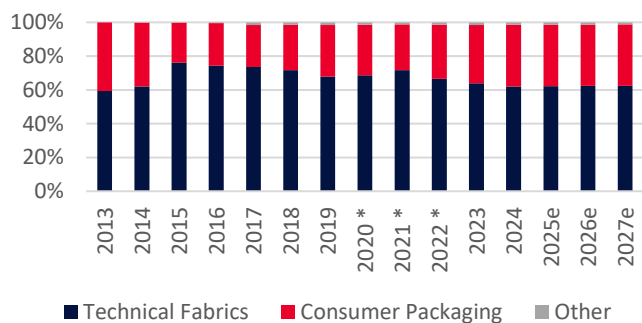


Source: Company, Eurobank Equities Research

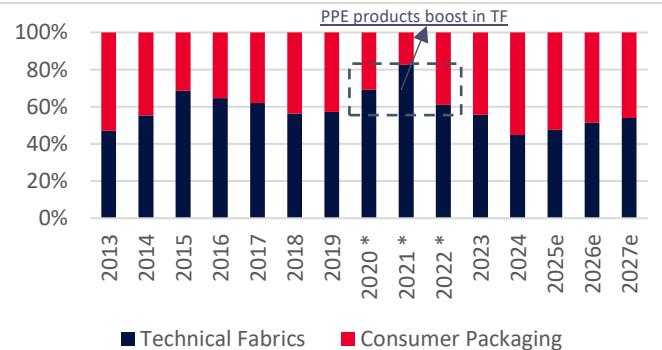
\* 2020-22 numbers include significant temporary boost from PPE products

Trying to depict the overall challenges in the trading environment, we showcase in the chart below the shifting EBITDA mix between Thrace's packaging and technical fabrics segments. Ongoing pressure in European technical fabrics has sharply reduced its contribution to group earnings. However, Thrace has invested heavily in production lines and technical capabilities, positioning the segment to benefit as demand rebounds.

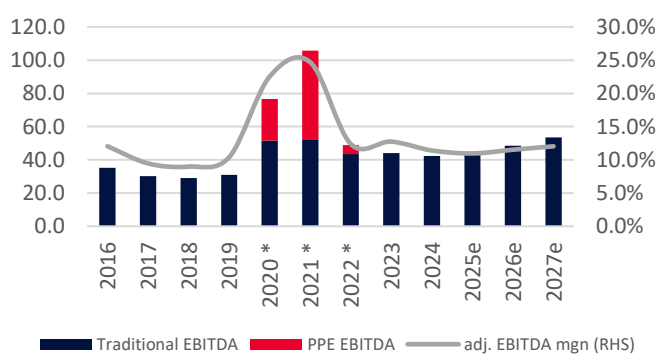
## Sales breakdown (% of total)



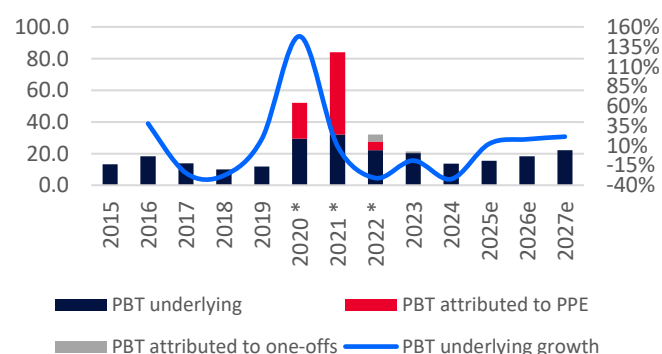
## EBITDA breakdown (% of total)



## Group EBITDA in €m & margin evolution



## Group EBT in €m and growth rate



Source: Company, Eurobank Equities Research

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

### 3. Forecast changes

***We downgrade EBITDA by 9-12% in 2025-27e, driven by costs and unfavourable mix***

We have updated our forecasts to reflect stronger volumes but weaker margins amid a tough cost environment:

- 1) We raise our revenue forecast by 4%, thanks to a c3% beat in 2024 and better than expected volume growth projections, despite the muted demand backdrop. As such we expect revenues of €399m in 2025e, rising to €445m by 2027e (or +6% annually).
- 2) On the flip side, we revise our EBITDA forecasts down by 9-12% over 2025–27e, weighed by increased energy and labour costs, softer price/mix dynamics, and the 6% miss in 2024. Margin recovery is proving slower than anticipated, with continued pressure from the sluggish construction market and Thrace's fixed-cost-heavy operating model.
- 3) We cut our bottom-line forecasts materially (>30%, €6-11m), due to the downward revision to our operating forecasts, elevated depreciation, and high financial costs. We now expect EBT of €15m in 2025e, rising to €22m by 2027e and net profit of €12m in 2025e, rising to €17m by 2027e, both reflecting a >17% CAGR.

Thrace Group New vs. Old forecasts			
	2025e	2026e	2027e
<b>New (EUR mn)</b>			
Sales	399	420	445
EBITDA	44	48	54
PBT	15	18	22
Net Income	12	14	17
<b>Old (EUR mn)</b>			
Sales	383	406	430
EBITDA	49	55	59
PBT	23	29	32
Net Income	18	22	25
<b>new vs old (%)</b>			
Sales	4%	4%	4%
EBITDA	-11%	-12%	-9%
PBT	-34%	-37%	-32%
Net Income	-33%	-36%	-31%
Source: Company, Eurobank Equities Research			

## Segmental forecasts

### Technical Fabrics: sales up, margins under strain

In the Technical Fabrics (TF) division, we have raised our Technical Fabrics (TF) revenue forecasts by 3-4% for 2025–27e, reflecting stronger-than-expected volumes at steady prices. We calculate revenues of €260m in 2025e, rising to €291m by 2027e (6.6% sales CAGR). However, competitive pressure, weak demand, unfavorable mix, and rising costs have led us to cut TF EBITDA forecasts by 13–20%. We now expect margins between 8% and 10% in the near term (vs >10% previously), with EBITDA forecasts set at €21m in 2025, €25m in 2026 and €29m in 2027 - reflecting +16% CAGR.

### Packaging: capacity gains drive forecast upgrades

In the Packaging Unit (PU), we have raised revenue forecasts by 4.7% annually, supported by added capacity and a 4% beat in 2024e. This implies a 6% CAGR through 2027e. We maintain a stable EBITDA margin near 15%, with our EBITDA forecasts downgraded by 2-5%, between €23-25m in 2025-27e, growing at c3% CAGR.

Short divisional P&L					
	2023	2024	2025e	2026e	2027e
<b>Technical Fabrics</b>					
TF Vol sold (m tons)	75.3	79.8	85.8	90.1	94.1
growth	-1%	6%	8%	5%	4%
TF Pricing per unit (EUR)	3.06	3.01	3.03	3.05	3.09
growth	-15%	-2%	1%	0%	1%
<b>TF Sales (EUR m)</b>	<b>230.8</b>	<b>240.2</b>	<b>260.0</b>	<b>274.4</b>	<b>291.0</b>
Growth	-16%	4%	8%	6%	6%
<b>TF EBITDA (EUR m)</b>	<b>24.6</b>	<b>18.7</b>	<b>20.9</b>	<b>25.0</b>	<b>29.0</b>
Growth	-17%	-24%	12%	20%	16%
Margin	10.7%	7.8%	8.0%	9.1%	10.0%
<b>TF PBT (EUR m)</b>	<b>8.5</b>	<b>1.3</b>	<b>5.7</b>	<b>8.0</b>	<b>10.9</b>
Growth	n.m.	n.m.	353%	39%	37%
<b>Packaging Unit</b>					
PU Vol sold (m tons)	40.2	46.6	49.6	51.6	53.7
growth	4%	16%	6%	4%	4%
PU Pricing per unit (EUR)	3.11	3.04	3.05	3.10	3.15
growth	-10%	-2%	0%	2%	1%
<b>PU Sales (EUR m)</b>	<b>125.2</b>	<b>141.9</b>	<b>151.6</b>	<b>160.0</b>	<b>168.9</b>
Growth	-6%	13%	7%	6%	6%
<b>PU EBITDA (EUR m)</b>	<b>19.7</b>	<b>23.0</b>	<b>23.0</b>	<b>23.7</b>	<b>24.7</b>
Growth	4%	17%	0%	3%	5%
margin	15.7%	16.2%	15.2%	14.8%	14.7%
<b>PU PBT (EUR m)</b>	<b>12.3</b>	<b>13.0</b>	<b>10.1</b>	<b>10.7</b>	<b>11.6</b>
Growth	1%	5%	-22%	5%	9%

Source: The Company, Eurobank Equities Research

## Healthy cash flow generation remains key to the thesis

### BS resilience and strong 2024 operating cash flow ...

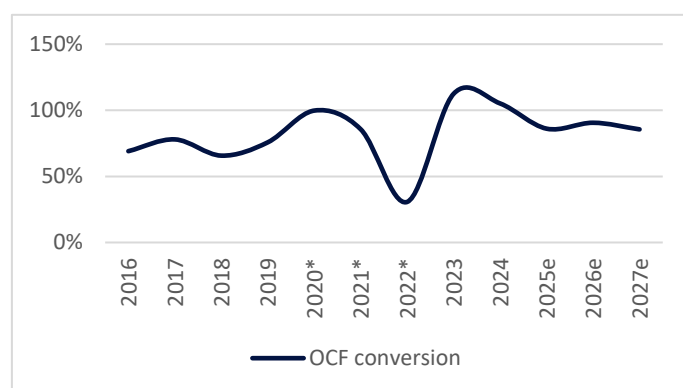
Despite market headwinds, Thrace has preserved a solid balance sheet while executing c€40m in cash investments in 2024—above plan, including advance payments for 2025 capex—and distributing €10m in dividends. Net debt/EBITDA remained below 1x, undercutting the historic 1–2x range.

In the meantime, operating cash flow (OCF) conversion topped 100% in 2024, supported by disciplined working capital management. Historically, OCF has ranged from 70–100% of EBITDA (except for 2022 due to high working capital needs). We maintain our 85–90% OCF conversion forecast going forward, backed by improving operations and tight cost control.

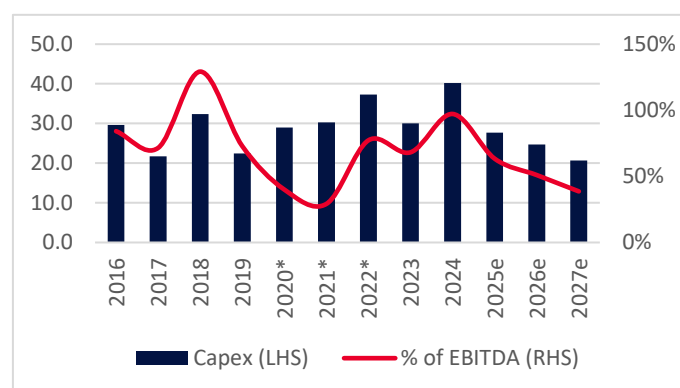
### ...enables ongoing investments

Thrace group remains committed to continuous investments. The group plans c€30m capex in 2025, on top of the pre-payments already passed through in 2024, targeting expanded conversion capabilities, capacity increases, automation, and the acquisition of a new building in the Xanthi industrial zone (completed in Q2'25). From 2026 onward, we assume normalized annual capex of €20–25m.

Cash conversion (OCF/EBITDA)



Capex (EUR m) & as % of sales



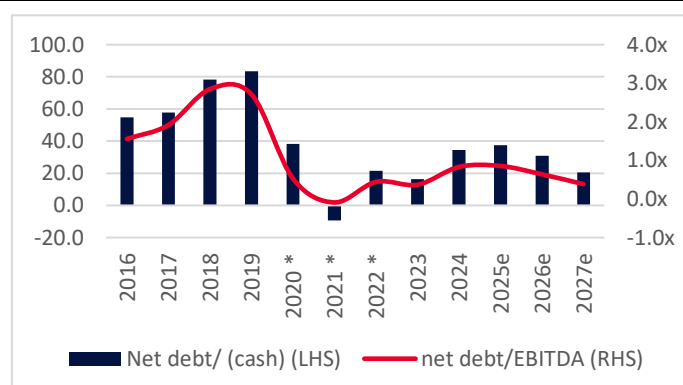
Source: Company, Eurobank Equities Research

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

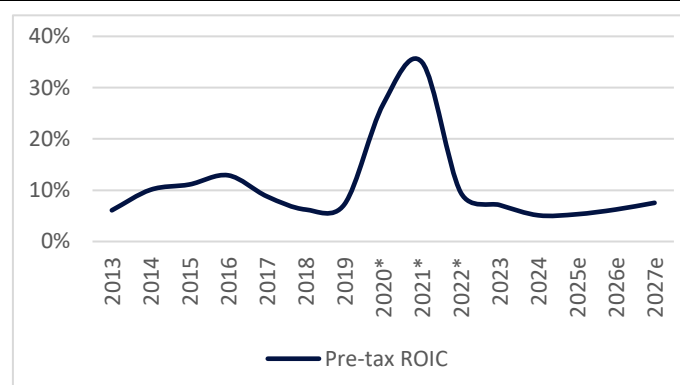
### ROIC recovery and deleveraging ahead

We expect Thrace's strong cash flow and investment-led growth to gradually lift pre-tax ROIC back toward high single digits—approaching the pre-COVID average of 9%. By 2027e, we project leverage to fall below 0.5x EBITDA, driven by improving profitability and consistent cash generation. Our model assumes an average dividend payout of over 50% during 2025–27e.

Net debt in €m (LHS) and leverage ratio (RHS)



Pre tax ROIC



Source: Company, Eurobank Equities Research

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

## Q1'25 Review

*Gloomy Q1'25, mostly to be recovered in Q2'25e...*

Thrace released a lackluster Q1'25, as already pointed out by management, with the EBITDA down 25% yoy, primarily driven by the negative impact from energy costs as well as low demand in the construction segment. **Mgt targets to cover most of the miss in Q2'25, guiding for modestly lower to flattish EBITDA in H1'25e.**

Revenues grew 9.2% yoy, to €96.4m in Q1'25, led by c5% volume growth and a moderate increase in average pricing. However, higher energy costs (up €2.5m yoy) and a challenging product mix, weighed on profitability levels. The EBITDA shaped at €9.2m, down by 25.4% yoy in the quarter, with the respective margin down 4.4pps yoy. It is worth noting that Q1'25 EBITDA included one-off costs of c€0.2m from the restructuring of the subsidiary Don & Low. Net profit was down to just €0.5m in Q1'25, from €3.2m a year ago.

Per segment, technical fabrics revenues were up 13% yoy in Q1'25 (€65m), with the EBITDA though declining by 21% yoy to €4.5m, owing to elevated operating costs. Packaging revenues were up by 2% yoy to €34m, hit by elevated cogs and operating costs. As such the packaging EBITDA dropped 31% yoy to €4.7m in Q1'25.

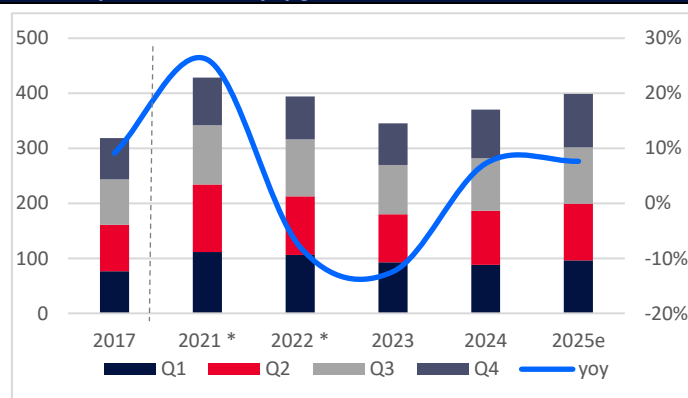
Thrace Q1'25 results				
	Q1'24	Q1'25	yoy %	Q1'25 EEe
Sales	88.3	96.4	9.2%	92.8
Gross profit	20.5	18.9	-7.8%	19.7
Gross Margin	23.2%	19.6%	-3.6 pps	21.2%
<b>EBITDA</b>	<b>12.3</b>	<b>9.2</b>	<b>-25.4%</b>	<b>9.5</b>
<b>EBITDA Margin</b>	<b>13.9%</b>	<b>9.5%</b>	<b>-4.4 pps</b>	<b>10.3%</b>
o/w Technical Fabrics EBITDA	5.7	4.5	-21.1%	
TF EBITDA margin	9.9%	6.9%	-3.0 pps	
o/w Packaging EBITDA	6.8	4.7	-31.1%	
Packaging EBITDA margin	20.4%	13.8%	-6.6 pps	
EBT	5.0	1.2	-75.8%	2.6
<b>EAT (post NCI)</b>	<b>3.2</b>	<b>0.5</b>	<b>-85.8%</b>	<b>2.0</b>

Source: Company, Eurobank Equities Research

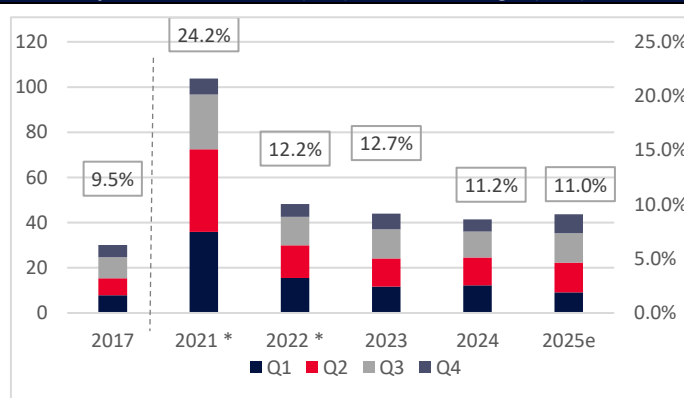
*... Seasonality skews toward mid-year strength*

It is important to note that Thrace generates over 50% of its annual revenues in Q2 and Q3, with Q1 contributing modestly and Q4 typically being the softest quarter. The chart below illustrates this seasonal revenue pattern, reinforcing the limited weight of Q1 in full-year performance.

Quarterly Revenues and yoy growth rate



Quarterly EBITDA in EUR mn (LHS) & EBITDA margin (RHS)



Source: Company, Eurobank Equities Research, Bloomberg

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

## Group Financial Statements

Thrace Plastics Group (in EUR mn)					
Group P&L	2023	2024	2025e	2026e	2027e
Sales	345.4	370.4	398.6	420.5	445.0
Gross Profit	77.1	77.1	83.1	88.1	96.5
EBITDA	44.0	41.4	43.7	48.4	53.5
change	-8.8%	-6.0%	5.7%	10.8%	10.5%
EBITDA margin	12.7%	11.2%	11.0%	11.5%	12.0%
EBIT	20.7	15.7	16.6	19.4	23.4
Financial income (expense)	-1.7	-3.3	-3.0	-3.1	-3.1
Exceptionals / other income	2.3	1.3	1.8	1.9	1.9
PBT	21.3	13.7	15.4	18.2	22.1
Income tax	-3.0	-2.7	-3.1	-3.6	-4.4
Non-controlling interest	-0.6	-0.6	-0.6	-0.6	-0.6
Net profit	17.8	10.4	11.7	14.0	17.1
EPS (EUR)	0.41	0.24	0.27	0.32	0.39
DPS (EUR)	0.24	0.24	0.21	0.21	0.22
Group Cash Flow Statement	2023	2024	2025e	2026e	2027e
EBITDA	44.0	41.4	43.7	48.4	53.5
Change in Working Capital	7.8	5.5	-3.0	-0.9	-3.3
Net interest	-2.5	-1.5	-2.2	-2.3	-2.3
Tax	-2.9	-3.5	-3.1	-3.6	-4.4
Other	0.7	0.1	0.0	0.0	0.0
Operating Cash Flow	47.1	41.9	35.4	41.6	43.5
Capex	-30.0	-40.2	-27.7	-24.7	-20.7
Other investing	2.9	2.1	0.0	0.0	0.0
Net Investing Cash Flow	-27.1	-38.2	-27.7	-24.7	-20.7
Dividends	-14.4	-7.5	-10.3	-8.8	-9.0
Other (incl. payment of lease liab.)	-0.4	-14.4	-0.5	-1.6	-3.4
Net Debt (cash) (incl. leases)	16.3	34.4	37.4	30.9	20.6
Free Cash Flow (adj.)	18.8	2.5	6.5	15.7	21.6
Group Balance Sheet	2023	2024	2025e	2026e	2027e
Tangible Assets	177.7	193.5	193.4	189.5	182.4
Intangible Assets & Goodwill	10.4	10.3	11.0	11.6	12.2
Other non-current Assets	33.6	30.4	32.2	33.9	35.5
Non-current Assets	221.7	234.3	236.5	235.0	230.1
Inventories	72.0	85.1	84.3	93.3	97.8
Trade Receivables	62.2	73.2	72.4	70.3	73.6
Other receivables	9.3	9.8	12.9	13.6	14.4
Cash & Equivalents	41.1	33.5	36.0	38.0	40.2
Current Assets	184.5	201.5	205.6	215.2	226.0
Total Assets	406.3	435.8	442.1	450.2	456.1
Shareholder funds	272.7	270.4	271.8	277.0	285.1
Non-controlling interest	4.4	4.8	5.4	6.1	6.7
Total Equity	277.1	275.2	277.3	283.1	291.8
Long-term debt	27.8	33.2	32.6	32.0	31.4
Other long-term liabilities	12.0	9.4	9.5	9.6	9.6
Long Term Liabilities	39.8	42.7	42.1	41.6	41.1
Short-term debt	26.6	31.7	37.9	34.1	26.6
Trade Payables	38.5	55.5	51.8	56.7	60.0
Other current liabilities	24.4	30.8	33.0	34.7	36.6
Current Liabilities	89.4	118.0	122.7	125.5	123.2
Equity & Liabilities	406.3	435.8	442.1	450.2	456.1
Key Financial Ratios	2023	2024	2025e	2026e	2027e
P/E	11.0x	16.9x	14.2x	11.9x	9.7x
P/BV	0.7x	0.6x	0.6x	0.6x	0.6x
Adj. EV/EBITDA	4.6x	5.1x	4.6x	4.0x	3.4x
EBIT/Interest expense	4.4x	3.3x	4.4x	5.4x	7.0x
Net Debt (cash)/EBITDA	0.4x	0.8x	0.9x	0.6x	0.4x
Dividend Yield	5.4%	6.0%	5.4%	5.5%	5.8%
ROE	6.6%	3.8%	4.3%	5.1%	6.1%
Free Cash Flow yield	9.6%	1.4%	3.9%	9.4%	13.0%
Payout Ratio	60.9%	98.9%	75.0%	64.5%	55.0%

Source: Eurobank Equities Research

## Company description

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

## Risks and sensitivities

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

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

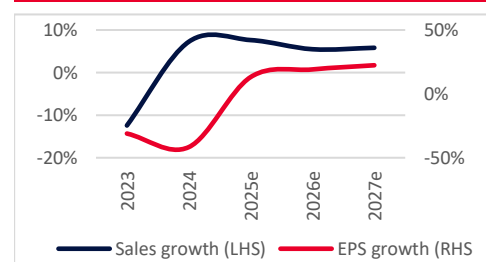
•**Working capital risk:** Raw material cost volatility could affect inventories' value.

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

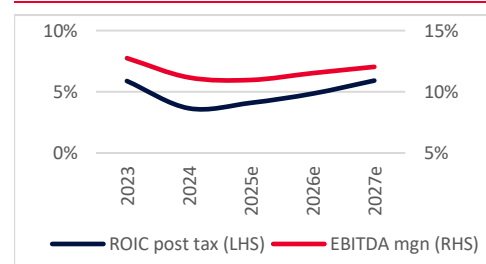
•**Price/mix:** stronger/weaker price/mix than assumed in our model would result in stronger/weaker sales growth.

•**Sensitivity:** We estimate that flexing our volume assumption by 1% would result in a c1-3% in 2025-26e group EBITDA. Similarly, were we to change our price/mix assumption by 1%, the impact on group EBITDA would be c6%. Finally, for a 1% increase in raw materials unit costs, our EBITDA forecast drops by c4% in 2025-26e.

## Sales and EPS growth



## Profitability and returns





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

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

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

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

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

## 12-month Rating History of Thrace Plastics

Date	Rating	Stock price	Target price
21/07/2025	Not Rated	€3.81	-
17/01/2025	Not Rated	€ 4.12	-
18/10/2024	Not Rated	€ 3.78	-

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

Stock Ratings	Coverage Universe		Investment Banking Clients		Other Material Investment Services Clients (MISC) – as of 15th Jul 2025	
	Count	Total	Count	Total	Count	Total
Buy	28	72%	1	4%	14	52%
Hold	5	13%	1	20%	4	80%
Sell	0	0%	0	0%	0	0%
Restricted	1	3%	0	0%	1	100%
Under Review	1	3%	0	0%	1	50%
Not Rated	4	10%	0	0%	3	75%
<b>Total</b>	<b>39</b>	<b>100%</b>				

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

## Analyst Stock Ratings:

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