

Valuation & Research Specialists (VRS)
Equity Research Team
info@vrs.gr ; info@valueinvest.gr

Share Price (05/07/2019)	€ 2.29
# of Shares (mn)	43.74
Market Cap (in € mn)	100.18
Daily Volume (p)	27,320
Beta Co-efficient	0.58

Source: VRS Calculations, Reuters.
Period as day/month/year.

Stock Price Performance & Transaction Volume

(6 months, in € and in number of share units)



Note: Share price performance based on share price closes on Stock Exchange.
Period as day/month/year if applicable.

Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means. Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

THRACE PLASTICS HOLDING & CO

Listed on Athens Exchange - Greece

[Bloomberg Ticker: PLAT:GA] [Reuters Ticker: THRr.AT]

Business Sector | Industry: Technical Fabrics & Packaging Solutions

Our View on Thrace Plastics Holding & Co (*)

- **Thrace Plastics Holding & Co** is the parent company of Thrace Group which is based in Greece and has an international presence. Thrace Group is engaged in the production and trade of technical fabrics and packaging solutions. The Group's range of products is divided into the following two major business units: Technical Fabrics and Packaging. Thrace Group operates through its local and international subsidiaries in Europe, US and Australia. Below, we highlight some of our views combined with selective facts and trends of the consolidated financial results.
- **Growth trajectory:** The Group has implemented a strong investment plan over the last years (€ 33.2 million was the capital expenditure plan only in FY 2018), which has resulted into a significant expansion in production capacity. In this context, the Group is about to reap the benefits of gradually higher capacity utilization along with product mix as well as profit margin improvements. Following a low-single-digit revenue growth in FY 2018 vs FY 2017 (sales of € 322.73 million, +1.3% y-o-y), the first quarter 2019 saw the revenues growing by 6.4% (at € 83.57 million) vs Q1 2018. Furthermore the notable decline in the profitability lines observed in FY 2018, due to raw material price increases and forex effects among other factors, has been slowing down as in Q1 2019 EBITDA posted positive growth (+7.4%), whereas earnings after taxes dropped 9.4% versus the first quarter 2018. That picture was much different than the one in FY 2018 when EBITDA dropped by 8.7% to € 27.5 million and earnings after taxes declined by 27% to € 8.02 million.

What we like

- The Group has established a geographically diversified sales network worldwide. In more specific terms and as of FY 2018, 66% of its sales occurred in EU countries, 21% in the US, 9% in other European countries and 4% in Asia, Africa and Oceania, while its production line is mainly in Greece, the UK and the US with 55%, 29% and 16% of its products being manufactured in these countries respectively.
- The technical fabrics unit is the largest by far contributor in terms of revenues and profit. The company has managed to establish a strong presence in the technical fabrics industry and at the same time has built a comparative advantage against its international competitors since there is no company with identical production blueprint.
- The technical fabrics and the packaging products enjoyed gross profit margins between 18%-21% in the period 2017-2018, with the packaging unit being the most profitable with a gross margin of 19.9% in FY 2018 compared to 18.2% for the technical fabrics unit.

What we anticipate

- Under normal market conditions and assuming more stabilized raw material prices and less negative forex effects, Thrace Group can build on the performance of the first quarter 2019 and deliver better results in 2019 versus the previous year. In the longer-term the Group is able to further enhance its presence in the markets of the European Union and the US given the investment plan it has implemented in production capacity and in its global trading network.

What we will monitor

- The most important developments which affect the Group is the uncertainty surrounding the "Brexit" due to Thrace Group's operations in the UK, via the subsidiary Dow & Low, and the volatility in raw material prices which influences the gross margin and as result the bottom line profitability of the Group.

Stock Valuation

- So far in the year, Thrace Plastics stock has been reflecting the improved financial performance anticipated for the entire FY 2019 as compared to the previous year. Trailing P/E is currently standing at 13-14x.

(*) VRS Research Team attended the company's presentation to the Hellenic Fund and Asset Management Association. The event was held on Tuesday May 21st, 2019, at the premises of Athens Exchange, Greece.

VRS (VALUATION & RESEARCH SPECIALISTS)

VRS - vrs.gr Value Invest - www.valueinvest.gr Investment Research & Analysis Journal – www.iraj.gr

DISCLOSURE STATEMENT (1)

VRS (VALUATION & RESEARCH SPECIALISTS) is an independent Financial Research & Consulting Firm, with presence and offices in Athens and Luxembourg, providing advanced equity research and valuation reports as well as value-related advisory services to local and international institutions, business entities and individual clients. VRS services include valuations of intangible assets, business enterprises, and fixed assets. VRS's focus business is in providing independent equity research to its institutional and retail clients / subscribers.

VRS is not a brokerage firm and does not trade in securities of any kind. VRS is not an investment bank and does not act as an underwriter for any type of securities.

VRS accepts fees from the companies it covers and researches (the "covered companies"), and from major financial institutions. The sole purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little research coverage. In this manner VRS can minimize fees to its clients / subscribers and thus broaden investor's attention to the "covered companies." VRS analysts are compensated on a per-company basis and not on the basis of their recommendations. Analysts are not allowed to solicit prospective "covered companies" for research coverage by VRS and are not allowed to accept any fees or other consideration from the companies they cover for VRS. Analysts are also not allowed to trade in the shares, warrants, convertible securities, or options of companies they cover for VRS.

Furthermore, VRS, its officers, and directors cannot trade in shares, warrants, convertible securities or options of any of the "covered companies." VRS accepts payment for research only in cash and will not accept payment in shares, warrants, convertible securities or options of "covered companies" by no means.

To ensure complete independence and editorial control over its research, VRS follows certain business practices and compliance procedures, which are also applied internationally. Among other things, fees from "covered companies" are due and payable prior to the commencement of research and, as a contractual right, VRS retains complete editorial control over the research process and the final equity analysis report.

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
THRACE PLASTICS HOLDING & CO	PLAT:GA	THRr.AT	€ 2.29	July 5, 2019	2, 3, 6

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
7. VRS has produced a research report for this company within the past 12 months.

Please contact **VRS (VALUATION & RESEARCH SPECIALISTS)** for further information on Equity Research Related Fees.

VRS (VALUATION & RESEARCH SPECIALISTS)

VRS - vrs.gr Value Invest - www.valueinvest.gr Investment Research & Analysis Journal – www.iraj.gr

DISCLOSURE STATEMENT (2)

The current research report as well as other statements that VRS may proceed with may include future statements, regarding the future financial performance of a company or another entity or product, as well as strategies and expectations. Statements about the future may typically include expressions such as “trend”, “prospect”, “opportunity”, “course”, “believe”, “possibly”, “expect”, “current”, “intention”, “estimate”, “forecast”, “continuation”, “remain”, “maintain”, “target” and other similar expressions or future or hypothetical verbs such as “will”, “must”, “could”, “may be” and other expressions.

VRS (VALUATION & RESEARCH SPECIALISTS) caution that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and VRS assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in VRS reports and those identified elsewhere in this communication, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) the introduction, withdrawal, success and timing of business initiatives and strategies; (2) changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in demand for products or services or in the value of assets under management; (3) the impact of increased competition; (4) the impact of capital improvement projects; (5) the impact of future acquisitions or divestitures; (6) the unfavorable resolution of legal proceedings; (7) the extent and timing of any share repurchases; (8) the impact, extent and timing of technological changes and the adequacy of intellectual property protection; (9) the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies; (10) terrorist activities and international hostilities, which may adversely affect the general economy, domestic and local financial and capital markets, as well as specific industries; (11) the ability to attract and retain highly talented professionals; (12) fluctuations in foreign currency exchange rates; (13) the impact of changes to tax legislation and, generally, the tax position of the covered company.

COMPLIANCE WITH EU DIRECTIVES and GREEK LAWS

VRS prepares its equity research reports in a best effort to comply with the provisions of the EU Directive 2003/6/EK of the European Commission (L 339/73/24.12.2003, L 096/16/2003), the Guidelines 2003/125/EK and the Decision 4/347/12.7.2005 of the Hellenic Capital Markets Committee, as well as with the provisions of article 14, Greek Law 3340/2005, and the relevant clarifications with regard to the legal obligations of equity analysts. VRS analysts are certified by international institutions as well as by the Hellenic Capital Markets Committee. The latter may request from VRS analysts to justify their views and conclusions with regard to this research report.

ANALYST CERTIFICATION

The views expressed in this report accurately reflect the personal views of the undersigned analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has (have) not and will not receive any compensation for providing a specific recommendation or view in this research report.

VRS Equity Research Contributors

Dr. Nicholas Georgiadis, ngeorgiadis@valueinvest.gr
Dr. Georgios A. Savvakis, gsavvakis@valueinvest.gr
Zoe Vassiliou, zvassiliou@valueinvest.gr
Maria Papadopoulou, mpapadopoulou@valueinvest.gr

Investment Research & Analysis Journal

Dr. Efstratios Livanis
Assistant Editor

Please contact **VRS (VALUATION & RESEARCH SPECIALISTS)** for further information on Equity Research Related Fees.

VRS (VALUATION & RESEARCH SPECIALISTS)

VRS - vrs.gr Value Invest - www.valueinvest.gr Investment Research & Analysis Journal – www.iraj.gr

DISCLOSURE STATEMENT (3)

REGULATION (EU) No 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

VRS (VALUATION & RESEARCH SPECIALISTS) prepares its equity research reports in a best effort to comply with the provisions of Regulation (EU) No 596/2014 (market abuse regulation) of the European Parliament and of the Council. This Regulation establishes a common regulatory framework on insider dealing, the unlawful disclosure of inside information and market manipulation (market abuse) as well as measures to prevent market abuse to ensure the integrity of financial markets in the Union and to enhance investor protection and confidence in those markets. In addition:

- (a) The market abuse regulation (MAR) seeks to ensure that European Union (EU) regulation keeps pace with market developments to combat market abuse on financial markets as well as across commodity and related derivative markets (i.e. markets trading primary products such as gold, wheat, etc., and financial instruments based there upon).
- (2) It explicitly bans the manipulation of benchmarks (such as the London Interbank Offered Rate — known as the LIBOR).
- (3) It reinforces the investigative and sanctioning powers of the regulators appointed by EU countries to ensure the proper functioning of their financial markets.
- (4) It ensures a single EU rulebook while reducing administrative burdens on smaller and medium-sized issuers where possible.

In this regulatory framework, VRS has also been aware of the following: (1) Persons who produce or disseminate investment recommendations or other information recommending or suggesting an investment strategy shall take reasonable care to ensure that such information is objectively presented, and to disclose their interests or indicate conflicts of interest concerning the financial instruments to which that information relates. (2) Public institutions disseminating statistics or forecasts liable to have a significant effect on financial markets shall disseminate them in an objective and transparent way. (3) Regulatory technical standards have been developed in order to determine the technical arrangements for the categories of person in relation to objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.

Please contact **VRS (VALUATION & RESEARCH SPECIALISTS)** for further information on Equity Research Related Fees.