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Team H

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Papoutsanis S.A. (PAPr.AT)

Date: 04/02/2022
Current Price: €2.72 (as of 28/01/2022)
Target Price: €3.24

GICS Sector: Consumer Staples
Industry: Personal Products
Listed: Athens Stock Exchange (ASE)
Recommendation: BUY (19.11% upside)

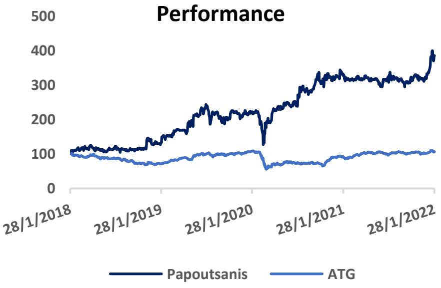
Recommendation: **BUY**
Upside: **19.11%**

Figure 1: PAPr.AT Overview

Key Figures	
Target Price	€ 3.24
Last Close (28/01/2022)	€ 2.72
Dividend Yield 2022F (%)	4.76
Total upside (%)	23.87
Shares Outstanding (€ '000s)	27,005
Market Cap (€ '000s)	73,453
52-Week High	€ 2.89
52-Week Low	€ 2.04
Avg. daily vol. (3 mo.)	12,245
Beta (2Y weekly)	0.48
P/E 2022F	9.92
P/B 2022F	2.50
EV/EBITDA 2022F	6.78
FCFY 2022F (%)	6.70
Free Float (%)	25.00

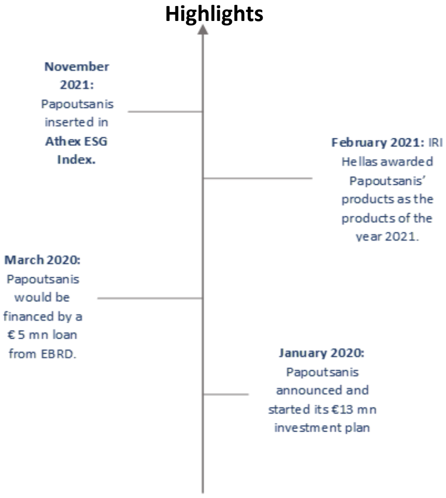
Source: EURO2day, Team Analysis

Figure 2: Papoutsanis Relative Share Price Performance



Source: Refinitiv Data

Figure 3: Papoutsanis' Recent Corporate Highlights



Source: Company Data

Papoutsanis SA (hereafter "Papoutsanis" or the "Company") is a Greek manufacturer of consumer products, engaged primarily in the production of soaps and liquid bases, with a strong presence in the Greek and European markets.

INVESTMENT SUMMARY

We issue a BUY recommendation on Papoutsanis with **a target price of €3.24, a total return of 23.87%**, consisting of **a 19.11% upside potential on the closing price of €2.72** on January 28th, **plus a 4.76% dividend yield**. Our valuation is based on a 60%/20%/20% blend of a Discounted Cash Flow model, a Dividend Discount Model, and a Comparable Companies Analysis. Our target price implies a 2022F 9.92x P/E, which is below the Company's historical valuations of 22.22x P/E (avg.2018A-2021E). We expect Papoutsanis to realize a robust five-year EPS CAGR of 17.77% 2021E-2026F, supported by the following catalysts: (1) **International growth strategy**, (2) **Effective Management**, (3) **Sound financial position**, (4) **Advanced automated production facilities**.

A shining star in the Pandemic era

Papoutsanis profitability soared during the coronavirus crisis, yielding a 2019A-2021E revenues CAGR of 33.70% (from €30.60mn to €54.80mn) and EPS CAGR of 101.10% (profits from €1.30mn to €5.40mn). Further strengthening of partnerships with multinational companies in Greece and abroad, the introduction of the new antiseptics production line, the support from EBRD for its investment and R&D programs, and the reduction of production costs were the main drivers of this growth. The launch of the antiseptics and the constant expansion of the clientele highlight the management's efficiency in quickly adapting to the market conditions through the exploitation of new business opportunities.

International growth strategy fuels record revenues

Papoutsanis has an escalating international presence in more than 25 countries in all major continents, **with exports accounting for 62%** of the total revenue in 2021. The Company's international strategy was the main driver of its growth and has led to a 39.34% exports CAGR (2016A-2021E). The expansion of commercial partnerships globally, the constant development of innovative products emphasizing sustainability, and the partial recovery of the hotel market will be the main pillars of Papoutsanis' growth (13.31% revenue CAGR 2021E-2026F). We are positive about the Company's ability to increase its presence in the international market, viewing exports as a key factor in overall topline expansion and expecting them to surpass the 70% level as a percentage of sales (2026F).

State-of-the-art production lines give competitive advantages

Papoutsanis operates the largest integrated production unit in SE Europe, generating innovative intermediate and final products for Greek and international markets. The Company recently ended its new 13mn investment plan (2020-2021), which included the extension and automation of current facilities and the installation of new production lines (Syndet). Despite top-line growth so far, the increased production capacity (65% utilization rate) enables the further market penetration of the Company globally. The **new and automated production lines** allow Papoutsanis to build long-term partnerships with leading multinational companies by offering innovative products in large volumes and personalizing the customer's needs.

A robust financial position supports long-term shareholders value

We expect Papoutsanis to exhibit a healthy financial standing with: (1) **Average EBITDA margin 2022F-2026F amounting to 18.55%** compared to an average EBITDA margin 2016A-2021E of 13.37%, attributed to the Company's increasing operational efficiency; (2**) Average 2022F-2026F ROIC-WACC of 11.60%** (8.14% in 2021E) and an **average 2022F-2026F ROE-COE of 16.70%** (13.83% in 2021E), showcasing the management's ability to deliver higher value to shareholders; (3) **Average CFO/CAPEX 2022F-2026F of 172.33%** (103.24% in 2021E) that will enable Papoutsanis to finance its future CAPEX investments mainly with its cash flow generation, to reward shareholders through dividend remuneration with a dividend yield above 3% and to reduce the Debt to Equity ratio down to 35% in FY 2026 (56.90% in 2021E).

Key Financial Metrics	2019A	2020A	2021E	2022F	2023F	2024F	2025F	2026F
Revenue (€ '000s)	30,667	40,842	54,800	66,437	77,140	86,410	94,973	102,368
EPS	0.05	0.15	0.2	0.27	0.32	0.37	0.42	0.46
EPS Growth (%)	73.8	183.64	32.63	36.23	18.05	15.02	12.03	9.32
EBITDA (%)	12.13	18.25	17.56	18.4	18.22	18.41	18.69	19.02
Net Profit (%)	4.39	9.36	9.94	11.15	11.33	11.63	11.86	12.02
ROE (%)	7	17.65	21.49	25.18	25.53	25.28	24.5	23.35
ROIC (%)	6.51	12.38	14.82	18.15	19.34	19.4	18.7	18
P/E (x)	29.76	15.22	12.31	9.92	8.29	7.21	6.43	5.89
PEG (x)	0.16	0.47	0.34	0.55	0.56	0.61	0.70	1.20

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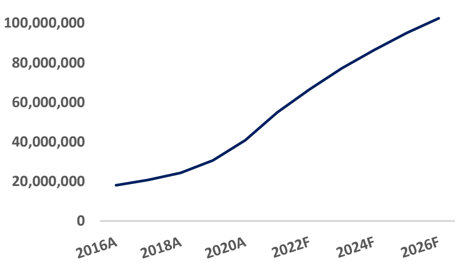
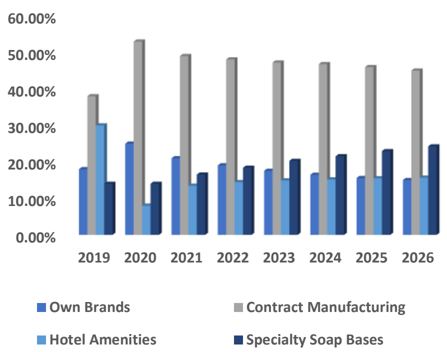
Figure 4: Papoutsanis' Revenues 2016 - 2026



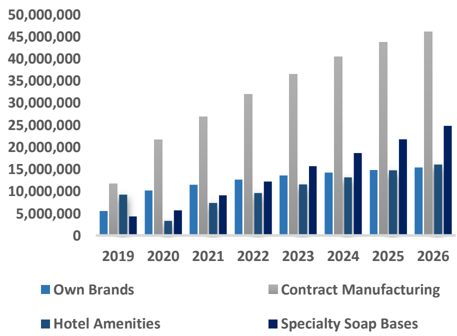
Source: Company Data, Team Analysis

Figure 5: Business Units (as % of Total Sales)



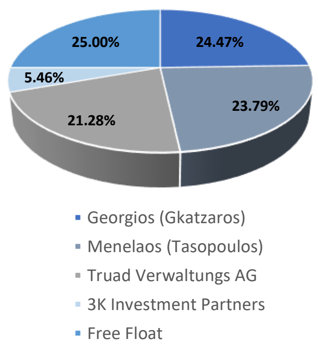
Source: Company Data, Team Analysis

Figure 6: Sales per Segment



Source: Company Data, Team Analysis

Figure 7: Papoutsanis' Ownership Structure



Source: Refinitiv Data

BUSINESS DESCRIPTION

Papoutsanis Industrial and Commercial of Consumer Goods S.A. is listed on the Athens Stock Exchange, engaging in the production and distribution of soap-based consumer products. Papoutsanis was founded in 1870, in the city of Plomari in Lesvos, by Mr. Dimitrios Papoutsanis and initially focused on the production of green olive oil soap. In 2001, Papoutsanis moved to new, state-of-the-art production facilities in Evia, where it is currently based, and just recently renovated with a €13mn CAPEX program. During the covid crisis era, the Company prioritized the production of disinfectants and biocides, under the Natura brand, earning the Product of the Year 2021 award from IRI Hellas, and growing into the major antiseptics manufacturer in Greece. **The Company has seen rapid development in the preceding 5 years, leading to its establishment as one of the largest European liquid and solid soap producers.** (Small Cap Presentation) (Figure 4).

Breakdown of the business segments

Own Brands

Papoutsanis is considered to be among the top European manufacturers of bar soap. Own Brands almost doubled in size in 2020 from €5.5mn to €10.2mn when the pandemic was taking over the world, as the Company took advantage of the crisis and turned it in its favor (Figure 6). **The versatility of Papoutsanis' administration played a key role in understanding the new needs of the market and centering its attention to Antiseptics.** This segment distributes products mainly domestically and only slightly to Europe, in some supermarkets, drugstores and online. In 2021, the Company reinforced the position of its Own Brands (Karavaki, Natura, Aromatics, etc.) on domestic supermarket chains. Specifically, bar soap has gained outstanding popularity in Europe, since it is much smaller in size compared to liquid soap, its packaging is paper-based, rather than plastic-based, and the consumption of water needed is significantly less. At the same time, the Company takes important steps to further develop the B2C in Greece, by constantly launching new products and expanding its presence in the supermarkets. The majority of raw materials and Olive oil are supplied to Papoutsanis from the Greek company Soya Hellas, who imports them mainly from Malaysia and Indonesia where 80% of global palm oil is produced, and is a member of "Roundtable on Sustainable Palm Oil" (RSPO), following all environmental and safety regulations. This supplier contributes to more than 10% of Papoutsanis' total supplies, as stated by the management team.

Hotel Amenities

The Hotel Amenities division is considered the segment with the highest profit margins. During the COVID-19 pandemic, this business segment was affected the most by the consequences of the health care crisis following dramatically the down-turn of the domestic hospitality sector. The administration utilized the pandemic in its favor, signing **big deals** with many EU hotel chains, whose effect will be **fully visible** in **2022**. Papoutsanis collaborates with Sysco Guest Supply, a subsidiary of the well-renowned multinational Sysco Corporation, to acquire strategic agreements with the most established hotel chains in Europe and the Americas. The Company is under a contract rendering it as the exclusive supplier of hotel amenities for all the Marriott Hotels in Europe. In 2020, sales plummeted from 30% of total turnover to 8%, starting from €9.20mn at the end of 2019 and reaching €3.30mn. Until Q3 of 2021, only a minor increase to 11% occurred, however in Q4 of 2021, **the sales from this segment were better than in the same period in 2019**, leading the way to an **outstanding 126% YoY increase**. **The key to this soar in revenue was the devotion of the management to the stalled, due to the pandemic, contracts with many EU hotel chains**. According to our estimations, **until the end of 2022 the total revenues** derived from this segment **will be higher than the previous all-time high levels of 2019**.

Contract Manufacturing

Contract Manufacturing is the backbone of the profitability of Papoutsanis. The Company focused the most on the development of this segment during the pandemic, when it almost doubled its size to absorb the Hotel Amenities' losses, jumping from €11.60mn to €21.60mn. In 2020, it accounted for **53% of total revenue**, in contrast to 2019 when the same rate was 38% (Figure 5). We believe that Contract Manufacturing will continue to hold the same share for the next few years. Papoutsanis has **three big clients** in Europe, **Unilever**, **Henkel**, and **Ahold Delhaize Group**, on contracts with fixed prices. Specifically, the Company manufactures all of Unilever's soaps, with whom they have been partners for more than a decade. The profits earned from this partnership account for more than 10% of the Company's overall turnover in 2021, namely more than €5.48mn. Papoutsanis recently entered into a contract with Henkel, to exclusively manufacture most of its soaps in Europe. More than 65% of the Company's turnover is generated by contracts, including the ones signed from the Specialty Soap Bases segment, in which the Company uses an open-book strategy to keep track of, meaning that even when the raw material prices rise, the difference is charged to the client. The risk of losing these top clients is real, that's why the relationship that the Company has generated with them throughout the years is strategic, as it produces the innovative shaving foam that Unilever sells. Moreover, its clients develop personalized products in cooperation with Papoutsanis' R&D department. Lastly, the Company holds 35% of the Greek Private Label products market share (Company's website).

Specialty Soap Noodles

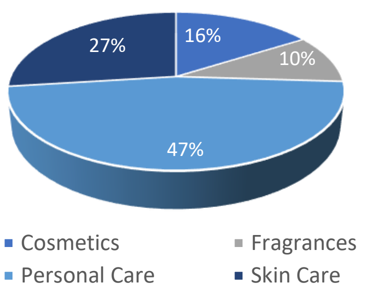
Papoutsanis is **one of the largest Specialty Soap Bases manufacturers in Europe.** The manufacturing of these soap bases began in 2017, but not until 2018 was it a distinct segment. Since then, it saw a huge revenue YoY growth in 2020 at 33.18%, followed by a tremendous 58% rise in 2021, reaching €9mn, and is forecasted to continue this double-digit growth, with a 35% uprise projection in 2022. Papoutsanis has signed additional contracts with foreign companies in this segment, selling the renowned soap bases, which are utilized as a raw material to produce their soaps. The Company is a pioneer in the manufacturing of **Syndet**, which are solid shampoos with 100% concentration. Interestingly enough, 100gr of Syndet equals 700ml of liquid soap. That said, it lessens the utilization of plastic and the consumption of water, contributing to the eco-friendly profile that Papoutsanis wants to build. **Exports** of this segment account for a total of **10%** of the Company's turnover.

Figure 8: Papoutsanis' Board of Directors

CHART BoD	
Name	**Position in BoD**
Georgios Gkatzaros	President
Menelaos Tasopoulos	Vice-President & CEO
Mary Iskalatian	CFO
Papoutsanis Dimitrios	Non-exec. Member
Georgalis Christos	Non-exec. Member
Mparounas Antonios	Non-exec. Member

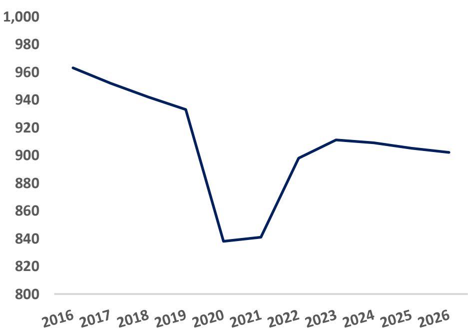
Source: Refinitiv Data

Figure 9: Global Beauty & Personal Care



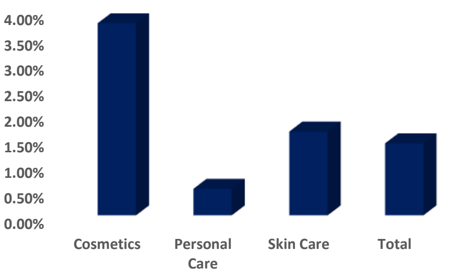
Source: Statista 2021

Figure 10: Greek Market Revenues in € mn



Source: Statista 2021

Figure 11: Greek Market CAGR (21-26) (excl. fragrances)



Source: Statista 2021

INDUSTRY OVERVIEW & COMPETITIVE POSITIONING

In 2021, the global Beauty & Personal Care market realized revenue of **€413bn** and is expected to grow annually by 5.84% (CAGR 2021-2026) (Statista Outlook). The market's largest segment is Personal Care (Figure 9), currently at 47% overall share, with a market volume of €193.59bn in 2021, while the fastest-growing ones are Cosmetics and Skin Care. The driving force behind this expeditious growth is among others, the **rapid expansion through digital channels**, the attraction of more **customers willing to pay higher prices for better quality** and the demand of consumers for **natural and eco-friendly products**. Analysts estimate that 23.60% of total industry revenue was generated through online sales in 2021. (Statista, 2021) L'Oréal, Unilever, Procter & Gamble, and Estée Lauder made up a whopping 81.70% of worldwide revenue in 2019, indicating that the global market is driven mainly by the profitability of these four companies.

Sales Channels

Papoutsanis currently exports to **more than 25 countries worldwide**. The Company's focal point on sales channels varies according to the segment of examination. Specifically, domestic Hotel Amenities are sold directly to Greek Hotels(B2B), Own Brands are distributed to channel partners/distributors (drugstores, supermarket chains, etc.), who either sell the products online or in stores, while the remaining three segments, including foreign Hotel Amenities, are distributed to OEMs (Original Equipment Manufacturers) like Sysco Guest Supply. However, the way Papoutsanis has structured its Sales Channel has created **channel conflict**. That said, Papoutsanis' Own Brands and the personalized products that it produces for private labels end in the same stores.

Dynamics of the Greek Beauty and Personal care Industry

Domestic sales account for 38% of Papoutsanis' total revenue. The market is currently worth an estimated **€841mn** (Statista, 2021) (Figure 10) and is expected to grow annually by 1.41% (CAGR 2021-2026). One factor contributing to the market's growth is the rate at which online sales increase each year, starting from 24.30% in 2021 and projected to reach 40.10% in 2025. (Statista, 2021) The ameliorated quality of life, the positive impact of beauty and personal care on an individual's self-esteem and social interaction, and the gradual consumer shift toward premium and luxury cosmetic brands, are a few other factors that are likely to propel the market growth during the forecasted period. (Statista, 2021)

Cosmetics

The current size of the Cosmetics market in Greece is **€148mn** (Statista, 2021). It grew by roughly 5.00% in 2020, however the projections assembled for 2022 indicate that it will jump 15.50%, reaching €171mn. It is expected to grow annually by 3.12%, at almost half the rate of Europe's 6.22%. (CAGR 2021-2026) (Team Analysis, Statista 2021) (Figure 11) That said, it has the highest growth potential among all, both in Greece and in Europe. This rise will effectively alter the Cosmetics market share, from 17.60% to 19.70% in 2026. (Statista, 2021)

Personal Care

The current size of the Personal Care market in Greece is **€384mn** (Statista, 2021). We estimate this segment to experience sluggish growth in the forthcoming quinquennium, at an annual compound growth rate of 0.43%, lagging behind Europe's 1.83%. (Team Analysis, Statista 2021) It is the market's most profitable sector by a wide margin, just like Europe's. Its market share will slightly decrease by 2.00%, from 45.70% in 2021 to 43.70% in 2026, almost on par with Europe's 3.30% decline. (Statista, 2021)

Skin Care

The current size of the Skin Care market in Greece is **€248mn**. It is projected to grow annually by 1.36% (CAGR 2021-2026) (Team Analysis, Statista 2021), trailing behind Europe's 3.54%, experiencing its most profound increase in 2022, at 6.10% and reaching €269mn in 2026. However, it will remain at the same levels of market share, leveling out at around 29.70% in the aforementioned period.

Dynamics of the European Beauty and Personal care Industry and Key European Markets

Approximately 62% of Papoutsanis' 2021 revenue derives from the foreign markets, mainly the European, which since 2021 constitutes the Company's main source of revenue. Exports have been soaring in the last few years (Figure 12), growing at 39.34% (CAGR 2016-2021) (Team Analysis) during the preceding 5 years and are projected to continue their double-digit growth at 16.82% (CAGR 2021-2026) (Team Analysis) until 2026, indicating that the Company's focus lately has been its establishment on the European market. The European Beauty and Personal care market is valued at roughly **€103bn** (Statista, 2021) and is expected to grow annually by **3.12%** (CAGR 2021-2026), which in contrast to the Greek, is forecasted to surpass the pre-pandemic levels by 2022, reaching €112bn (Figure 13).

Germany

Germany has the lion's share of Papoutsanis' exports (Management Announcement), whose Beauty and Personal Care market is currently valued at **€14.70bn** (Statista, 2021) and is expected to grow annually by **2.51%**. (CAGR 2021-2026) It has the highest global use of Skin Care at €3.80bn in 2021, while the use of decorative cosmetics is below average. (Statista, 2021) Its largest segment though is Personal Care, which generated €7.40bn in 2021. Cosmetics which currently stands at third place is forecasted to grow by 18.60% in the upcoming year. Approximately 72.00% of German citizens use travel and sample-size beauty products, and specifically prefer buying moisturizers, at 13.00%, benefiting Papoutsanis who massively produces, among others, smaller-sized products. The ZEW Indicator of Economic Sentiment in Germany has been on an up-trend since October, currently sitting at 51.7 points, showcasing consumers' willingness to purchase new products.

United Kingdom

The UK market is currently priced at **€12.60bn** and is expected to grow annually by **3.98%** (CAGR 2021-2026) (Statista, 2021). It has the highest Cosmetics revenue in Europe, at €2.25bn., which is projected to increase the most in 2022, at 21.90%, surpassing its pre-pandemic levels. It is projected that 52.30% of the sales will be carried out online in 2025, in contrast to 2021 when only 36.90% did. Its per-capita revenue is forecasted to rise from €185.61 to €235.96 in 2026, indicating a 4.92% CAGR. (Statista, 2021,) In 2020, United Kingdom's per-capita consumer spending was €20,085 sitting in second place globally, only behind the U.S. (Statista, 2021) The **Brexit** only slightly affected Papoutsanis' business in the UK, as it made the transportation of goods to the country harder.

Competitive Positioning

Papoutsanis is the oldest soap manufacturer in Greece and is numbered among the largest European liquid and solid soap producers. In domestic Hotel Amenities, Papoutsanis is one of two Greek companies, including Korres, that serve the most 4* and 5* hotels (Team Analysis). The paradox with the Company is that in some segments it competes against its own products, in a channel conflict, since it supplies competitors with specialized soaps that are then sold in the same market, leading to price wars. Papoutsanis renovated its plant in 2021, spending approximately €13mn, installing new production lines, adding 2,500 sq. m. of land and doubling its bar soap, saponification unit and cosmetics capacity. That said, it currently owns one of the best soap-based production units in Europe. Papoutsanis main **competitive advantages** are its division of operations into 4 segments notably alleviating its risk exposure through diversification, its advanced recently renovated production facilities, its healthy cash flow and financial statements, and its very competent management team, that regularly proves its effectiveness and particularly during the tough pandemic period. Papoutsanis also maintains strong, long-lasting partnerships with key clients, with whom it collaborates to jointly develop new innovative products. The Company's marketing expenditures rise each year, in an attempt to increase its global recognizability and the main channel of advertising its brand is on TV commercials, or by giving away free of charge samples. Lastly, in 2022 it is estimated by the management that the Company's logistic costs will decrease considerably since in the recent capital expenditures Papoutsanis built its own warehouses.

Competition Overview

The Greek Beauty and Personal Care industry is **highly competitive** (Appendix – 3.1: Porter's 5 Forces Analysis), with individual competitive forces ranging from low (1) to high (3). (Figure 14) Given the range of products that the Company offers, the threat of new substitute products is low (1). New companies can potentially impinge upon the market share of Papoutsanis, as a result, the threat of new entrants is moderate (2). The Company's bargaining power of buyers is moderate (2) as they can force better prices, in contrast to the bargaining power of suppliers which is low (1). Papoutsanis has a lot of competitors that operate in a range of different segments and manufacture various products. (Appendix – 3.2: Competition Overview) Moreover, the Company's competitive positioning varies in each segment. (Appendix – 3.3: Competitive Positioning by Segment) Papoutsanis' high EBITDA margin and Return on Equity rank the Company 1st to Profitability Ratios. However, in Liquidity Ratios the Company ranks 4th, as its Current and Quick Ratio are lower than the competition's. Lastly, regarding Solvency Ratios, Papoutsanis ranks 3rd as its Debt to Equity is above average. (Appendix – 3.4: Competition Ratios Analysis)

FINANCIAL ANALYSIS

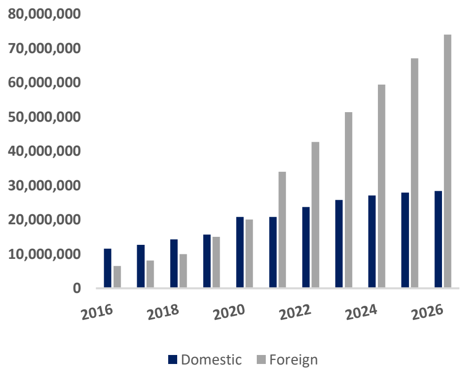
Revenue Growth

Papoutsanis has displayed **consistent double-digit growth rates** for almost the entire examined period. Specifically, for the FY2016-FY2021 the Company's average revenue growth is 24.90%, fueled primarily by its expansion in European markets and its solidification in the domestic one. Additionally, **for the FY2021-FY2026 period, a decreased revenue CAGR of 13.31%** is estimated, while Papoutsanis will be able to capture over time a **higher market share** due to its expanding global clientele, the introduction of innovative sustainable products and the partial recuperation of the hotels market. In particular, the Company's rapid growth increase in 2020 during a disruptive year for the global economy, because of Covid-19, can be explained by the steep **increase of 84.97% in its Own Brand revenues**, which mitigated the intense **decrease of 64.49% in its Hotel Amenities** segment (Figure 15). Moreover, during all reporting quarters in 2021, the demand for branded products has been persistently high, as a result of the consumers' request for Covid-19 cleaning products, while the introduction of new hygiene products such as antiseptics, will be the main driver of the Company's growth in the Own Brands and Hotel Amenities segments. Additionally, the Company's **all-time high increase of 69.89% of its exports in 2021** further validates its future prospects. Furthermore, after achieving an accelerating growth these years, in 2022 Papoutsanis is expected to reach an average growth rate of 21.33% for its Own Brands, Contract Manufacturing, and Soap Bases segments, while the sales of its Hotel Amenities are estimated to surpass its 2019 level, as **the impact of Covid-19 will be negligible**. In addition, in 2022 the Company is forecasted to achieve a **solid 9/9 Piotroski F-Score** which further indicates the improvement of its financial thesis (Appendix – 4.6: Piotroski F-Score Analysis). Moreover, for the years 2023-2024 and 2025-2026, the average growth rates for the total revenues are calculated to be around 12% and 7.79% respectively indicating the decelerating growth of the Company.

Margins

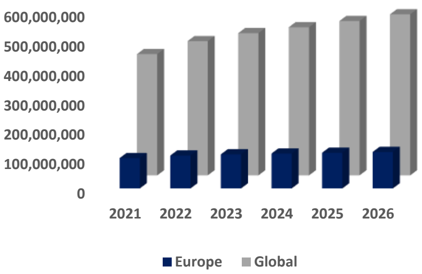
Considering the profitability and the **accelerating growth of the global Beauty & Personal Care market** in combination with the **operational efficiency and the state-of-the-art automated production lines** of the Company, the high-profit margins are comprehended (Figure 16). Specifically, the average gross margin for the FY2016-FY2020 was 28.81%, while the **mean gross margin for the 2021-2026 period is calculated to be 35.05%** attributed to its expanded and automated production lines and the alteration in the sales mix, as the Hotel Amenities segment will reach higher yields due to the materialization of new partnerships and the fading effect of Covid-19. Additionally, regarding the operating margin, the only decrease presented was in 2021 because of the deposition of products in third-party facilities, as a constraint solution to the unavailability of their

Figure 12: Trend of Local & Foreign Sales



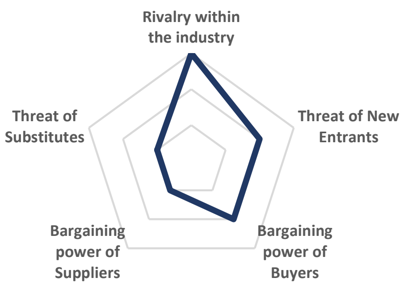
Source: Company Data, Team Analysis

Figure 13: EU vs Global Industry



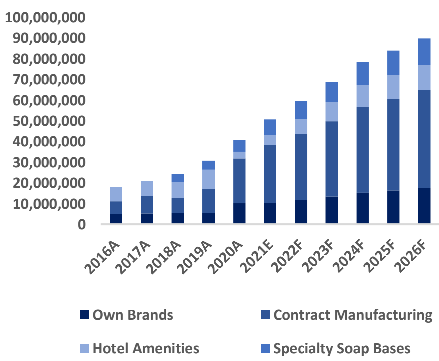
Source: Statista 2021

Figure 14: Porter's 5 Forces



Source: Team Analysis

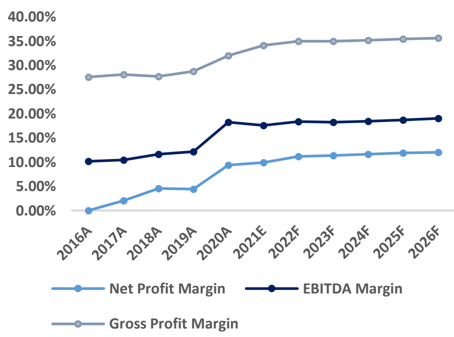
Figure 15: Total Revenues by Segment



Source: Company Data, Team Analysis

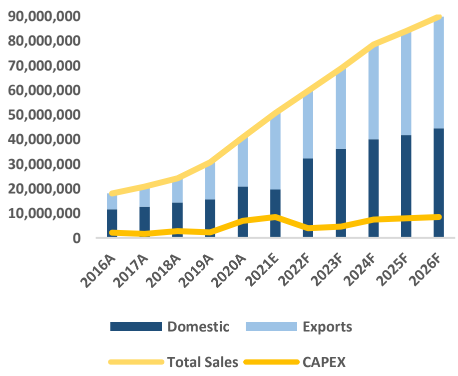
CFA Institute Research Challenge

Figure 16: Margins Evolution YoY



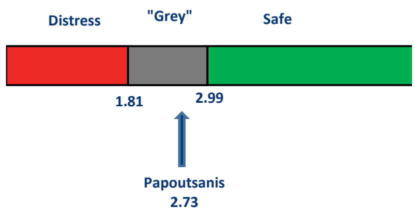
Source: Company Data, Team Analysis

Figure 17: CAPEX and Sales by Geography



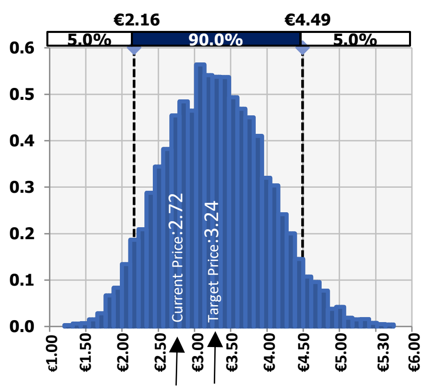
Source: Company Data, Team Analysis

Figure 18: Altman Z-Score



Source: Company Data, Team Analysis

Figure 19: Monte Carlo Simulation



Source: Team Analysis

warehouse due to the occurrence of constructions in order to expand its size and capacity to suit its growth rates, as part of their 2-year investment plan that ended in 2021. After that enlargement, the main logistics and distribution costs will decrease significantly as the Company's facilities will be at its disposal again. Additionally, these cost reductions will contribute to the achievement of a **competent EBITDA margin above 18.20% for the onward period**, while the Research & Development costs are expected to grow harmoniously with its revenues as part of the Company's strategy to continue investing in product innovation. In accordance with the net profit margins, thanks to the Company's aforementioned investment program and the tax reliefs that accompanied it, its **net profit margins presented an important increase of 112.98% in 2020** and are expected to remain above 11% for the following years. (Appendix – 4.1: Ratios Analysis).

Capital Expenditures (CAPEX)

After the completion of a €50mn CAPEX program in the preceding 20 years, Papoutsanis entered another major 2-year CAPEX program (2020-2021) that aimed mainly to the doubling of the Soap Noodles and the Bar Soap capacity. More specifically, the latter CAPEX program of €13mn was completed in 2021 reaching a capacity utilization rate of 65%. Both of the aforementioned investment programs were co-funded by the state in the form of tax relief, and as a consequence, for the examined period 2016-2021 Papoutsanis' cash flow generation was extensively supported. **For the years onwards**, it is projected that **the Company will need a steady 9% additional CAPEX as a percentage of its annual sales** (Figure 17), which amounts to approximately the average 2016-2019 Revenues/CAPEX ratio, as the higher production capacity after that fulfillment will lead to a CAPEX program similar to that of 2016-2019 with suitable utilization rates for the global demand for the Company's products in the following years.

Cash Flow Generation

Papoutsanis' cash flows are historically driven by its operational activities as the Company generated more than €15mn of aggregate cash flows for the FY16-FY20 period based on these activities. Moreover, for the projected period (2022-2026), the high EBITDA margins in combination with the overall revenue growth will contribute to the continuation of that trend and the **positive trajectory of the future cash flows**, as the **total FCF are anticipated to reach €27.62mn**. Additionally, these augmentations will enable the Company to finance its CAPEX programs mainly from its cash flow generation, while a high dividend payout ratio of 45.00% for the entire projected period will be achieved and the Debt-to-Equity ratio will significantly decline.

Capital Structure

Based on the Company's Altman Z-Score Analysis (Appendix – 4.5: Altman Z-Score Analysis), whose average score is 2.73 (FY2018-FY2026) and is placed in the "Grey Area" (Figure 18), a stable financial state is indicated and notably for the FY2023-FY2026 it scores well above the 2.99 threshold implying Papoutsanis' **capability of decreasing its leverage**. That prediction is further validated by the management's presentation and specifically, based on the projected future free cash flows generation, the Company will possess enough capital to repay additional debt. Furthermore, the retained earnings that the Company will produce, and the debt reduction, will lead to a significant decrease in the **Debt/Equity ratio, reaching nearly 35% in 2026 (56.90% in 2021)**. However, even though the future cash flows could enable a greater reduction in Debt, its lower cost compared to the cost of equity will retain the foregoing ratio at these levels, as the Company will mainly finance its operations with it rather than equity.

Monte Carlo Simulation

To examine the sensitivity of our valuation under different scenarios, a Monte Carlo Simulation was staged. Particularly, the inputs of this simulation derived from the main inputs that were used in the DCF model, for instance, WACC, terminal growth rate, EBIT margins, taxes, and Working Capital were included. After the conduction of 10.000 iterations, the **BUY** signal dominated as there is a **79.20%** possibility that the price will exceed the current one, while only a **20.80%** potential for a **stock downgrade** was signaled. More specifically, the sensitivity analysis concluded that the inputs with the greater impact on the output (share price) are the EBIT margin and the CAPEX, followed by the Terminal WACC, the taxes, the Revenue's CAGR and finally, the terminal growth rate, as expected, taking into consideration the Company's growth phase (Appendix – 4.2: Monte Carlo Simulation).

Scenario Analysis

Besides our base case analysis, the same inputs were stretched by 15% on either side of this scenario, to examine more spherically the effect of a variety of alterations in our target price. According to the **BULL** scenario, a target price of up to **€7.10** would be possible, whereas the **BEAR** scenario suggests that the target price could fall to **€1.30** (Figure 20). However, although the model's sensitivity to specific variables could cause this extensive deviation, these figures are rather unlikely to materialize, as the simultaneous movement of every variable in a particular direction would be required (Appendix – 4.2: Monte Carlo Simulation).

DuPont Analysis

Our DuPont Analysis concluded that Papoutsanis has been improving sharply its profitability regarding its shareholders' equity **for the period 2016-2023 when the average ROE is 13.12% with a total increase of 90.27%**. Specifically, this increase is attributed to the rise of its net profit margin and asset turnover, as tax relief is provided due to its FY16-FY23 CAPEX investment programs. From 2023 onwards, after their completion and the gradual decrease of the asset turnover because of the growth of the retained earnings, the Company's degree of efficiently using its shareholder equity is slightly declining, while remaining above 23% (Appendix – 4.3: DuPont Analysis).

Buyback Program

Papoutsanis commenced on 30/6/21 a share's buyback program, including the acquisition of a maximum number of 1.34mn shares (up to 5% of the total share capital), which will conclude on 5/5/23. For the 6-months between 30/6/21 and 31/12/21, the Company proceeded to the buyback of 28,007 own shares with a total value of €60,406. Considering Papoutsanis' 2021

1-year average daily trading volume of 13,220 shares, it is approximated that the Company **will not complete the buyback program to its maximum**, as this would lead to **manipulation of the share price** (22% of the total volume would account for the buyback program). Thus, it is assumed that the Company will continue the buyback program in the 2022-2023 period at the same rate as the last 6-months of 2021, which is 1.16% of the total trading volume. As a result, the total number of Papoutsanis' shares reduces accordingly with the 2022F-2023F treasury shares.

Taxes

The corporate tax rate is reduced from 24% to 22% for the tax-year 2021 and onwards. Therefore, from 2022, a 22% tax rate will be applied in Papoutsanis' tax payments. Moreover, for the 2016-2021 period, taxes were not subtracted from the Cash Flow Statement as the Company was involved in state subsidies related to its CAPEX programs. Given that in 2021 the Company fulfilled its new investment plan, it is estimated that in 2022 the tax benefits will still affect the cash flow payments of the taxes. Consequently, it is presumed that Papoutsanis will pay half of the taxes of 2021, whereas from 2023 onwards, the Company will pay each year's corresponding taxes.

Beneish Model

Papoutsanis' M-Score is maintained below -1.78 for the entire examined period (2017-2026) detecting a **low possibility of earnings manipulation** (Appendix – 4.4: Beneish M-Score Analysis). Specifically, its **average M-Score for the entire period is -2.58** (Figure 21), while the M-Score closest to the threshold was in 2020 (-2.36), which still presents a substantial deviation, disapproving the possibility of financial fraud.

VALUATION

We issue a BUY recommendation on Papoutsanis SA (PSALr.AT) with a target price of €3.24, representing 19.11% upside from the closing price of €2.72 per share on January 28th. Our target price is a combination of a Discounted Cash flow (DCF) model, a Dividend Discount Model (DDM), and a Comparable Company Analysis (CCA). We believe that these methodologies are the most appropriate as they incorporate both the growth characteristics and the valuation profiles of similar companies. We applied 20% weights to both the DDM and CCA and a 60% weight to the DCF model. The choice of attributing less weight to the CCA and DDM methodologies is driven by the scarcity of comparable companies identical to Papoutsanis and the confined dividend payout history of the Company. At the same time, the 60% weight of the DCF method captures the expected double-digit growth rates of the Company (2021E-2026F revenue CAGR of 13.30%). However, we also analyzed variable weights on the valuation methods with a 40%-80% range on DCF and a 10%-30% range on DDM and CCA, which would yield a target price range of €3.15-€3.33, almost the same as our current target price of €3.24. A multivariable sensitivity analysis was also performed, resulting in a price range of €2.15-€5.62.

Discount Cash Flow

We used **a two-stage DCF model (Decelerating Growth - Stable)** for Papoutsanis. Generally, we believe that a two-stage model is more appropriate for the Company because Papoutsanis is in a high growth phase which we expect to shift to a mature growth phase. We estimate that Papoutsanis will generate double-digit growth rates until 2024, while the growth phase will last until 2028 (Figure 23). The Company will shift to a mature stage in 2029, and then a terminal growth rate is used. After subtracting Net Debt from Enterprise Value, we calculate the Equity Value from which **the DCF analysis gives an outcome of €3.24, showing that the current stock is undervalued** (Figure 24). Also, we conducted a sensitivity analysis of WACC and long-term growth, implying a price range of € 2.20 to € 5.89 (Appendix – 5.2: Discounted Cash-Flow Model).

Weight Average Cost of Capital (WACC)

In our valuation, we calculated a WACC of 6.68%. This measurement is based on a Cost of Equity of 7.74% and an after-tax Cost of Debt of 2.59% (Figure 25). The Greek 10-Year Government Bond was considered the most appropriate for the WACC estimation as Papoutsanis gets most of its capital sources from Banks in Greece and the Athens Stock Exchange. The Greek Market Risk premium is estimated to be 11.08% via CAPM and the Leveraged Beta 0.579. The effective interest rate is 3.32, following the Company's financial statement. But Levered Beta will not be a fixed measurement in the forecasting period. So, the WACC will increase from 6.68% to 7.10%. The same route will follow the Cost of Equity, which will increase from 7.74% to 8.33% due to changes in Risk-Free-Rate and Leveraged Beta (Appendix – 5.1: Weighted Average Cost of Capital).

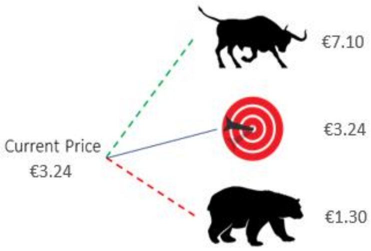
Terminal Growth

We expect the terminal growth rate to stabilize at 1.46% after 2028 based on Greek and EU long-term forecasted growth rates. Initially, we used the expectations of global organizations (OECD & European Central Bank) and some well-famed corporations (Statista & Economist Intelligence) for the real GDP growth rates of Greece and the EU until 2050. Greece is expected to have an increase of its average real GDP by 1.33% per year. The European Union area is estimated to reach an average growth of 1.53% per year. After weighting them according to the portion of revenues in Greece and Europe, we concluded a terminal growth of 1.46%.

Dividend Discount Model (DDM)

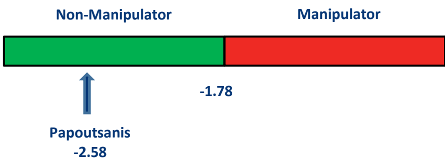
The DDM comes up with a €2.79 fair value per share, leaving a mere 2.57% upside for the stock from current price levels, plus a 4.76% dividend yield, to reach a total upside of 7.33%. The Company engaged only in capital returns for the 2018A-2020A period (31% average payout ratio), embarking on shareholders' reward through dividend remuneration for the first time in 2021, with an expected payout ratio of 35%. Following the completion of the new investment plan, the increased production capacity will enable Papoutsanis to increase its turnover and its FCF (average projected free cash flow yield of 7.50% from 2022E to 2026E). We believe that looking forward, improved profitability and free cash flows will make Papoutsanis embark on a constantly growing dividend distribution. To project the future dividends, we assume that **the hefty**

Figure 20: Scenario Analysis



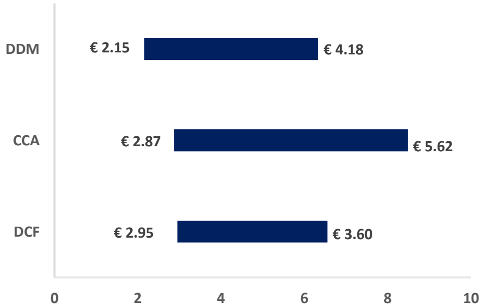
Source: Team Analysis

Figure 21: Beneish Model



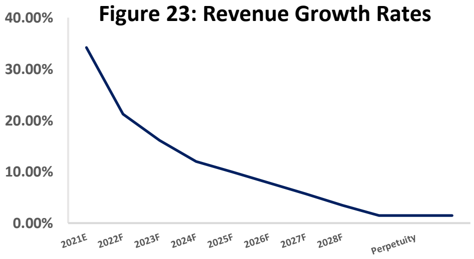
Source: Company Data, Team Analysis

Figure 22: Football Field



Source: Team Analysis

Figure 23: Revenue Growth Rates



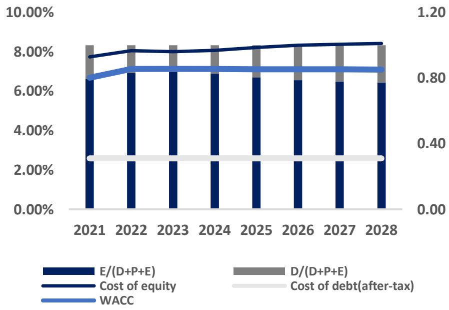
Source: Team Analysis

Figure 24: Implied Share Price

DCF Valuation - Perpetuity Growth	
Final Year FCF	6,437,954
Terminal Value	115,690,398
PV of Terminal Value	71,560,986.04 €
Enterpirse Value	97,291,679.45 €
Less: Net Debt (Cash)	-10,074,116
Equity Value	87,217,563.77 €
Shares Outstanding	26,930,159
Implied Share Price	**3.24 €**

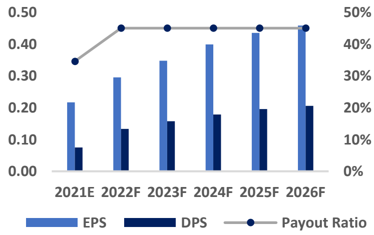
Source: Team Analysis

Figure 25: WACC Components



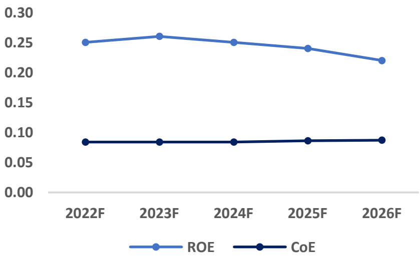
Source: Team Analysis

Figure 26: Dividend Policy



Source: Team Analysis

Figure 27: ROE – Cost of Equity Spread



Source: Team Analysis

Figure 28: Comparable Companies Analysis

Ticker Symbol	EV/Revenue	EV/EBITDA	P/E	P/B
PG	4,91x	17.77x	25.74x	7.76x
ULVR.L	2.33x	11.11x	17.75x	7.79x
BEIG.DE	2.22x	13.31x	27.84x	2.68x
OREP.PA	5.65x	22.46x	36.88x	7.32x
SRSr.AT	1.18x	8.79x	13.86x	1.68x
CRGT.L	1.23x	12.00x	17.53x	2.05x
GLC.WA	1.16x	9.44x	15.55x	1.43x
AROM.BB	0.69x	4.50x	17.80x	0.70x
PZC.L	1.17x	8.43x	14.50x	1.90x
LAV.BB	1.77x	10.10x	18.22x	1.33x
BARB.L	1.94x	-	-	0.84x
PSALr.AT	1.25x	6.78x	9.92x	2.50x
Median	**1.50x**	**10.60x**	**17.77x**	**1.90x**
Implied Prices	**3.34 €**	**4.45 €**	**4.88 €**	**2.07 €**
Weightings	**25%**	**25%**	**25%**	**25%**
Implied Price		**3.69 €**		

Source: Refinitiv Data, Team Analysis

cash flows will allow Papoutsanis to implement a 45% payout ratio from 2022 onwards (Figure 26) as a way of rewarding its shareholders with a **2022F dividend yield of 4.76%**. Considering these assumptions, the Company achieves to constantly maintain a high ROE-COE spread, with an average of 16.70% for the 2022F-2026F period (Figure 27), higher than the average of 7.97% for the 2019A-2021E period. We also conducted a sensitivity analysis for the Company's payout ratio (in the range of 35% to 55%), which implies a share price ranging from €2.17 to €3.41. For the implementation of the DDM, we use a **two-stage model in the same way as in the DCF model**. A sensitivity analysis of the cost of equity and long-term growth was also performed, implying a price range of €2.15 to €4.18 (Appendix – 5.4: Dividend Discount Model).

Comparable Companies Analysis (CCA)

Papoutsanis peer's universe includes major companies in the Beauty & Personal Care industry, with their primary production based on soaps and liquid bases. Although there are no identical companies to Papoutsanis listed, in our analysis, **we selected the peers whose revenue by segment and by geographic region has the maximum correlation with the revenue structure of Papoutsanis**. The multiples sample consists primarily of European companies that have a market cap in the range of €16-€610mn, sharing similar ROE and growth projections with Papoutsanis. We also included Large-cap companies in our sample as we believe that they capture to a greater extent the risks and opportunities of the Beauty & Personal Care industry as a whole. Based on the Comparable exercise (Figure 28), **the implied target price results in a fair value per share of €3.69**, derived from the combination of the 12-months forward-looking multiples of **1.50x EV/Revenue, 10.61x EV/EBITDA, 17.78x P/E, and 1.90x P/B** (Figure 29), **using a 25% weight on each** (Appendix – 5.3: Comparable Companies Analysis).

INVESTMENT RISKS

MARKET RISKS

CLIENT RISK (MR1)

Papoutsanis has developed partnerships with **three major clients in Europe**, in the Contract Manufacturing segment for the production of soaps, with one of its partners, Unilever, **generating more than 10% of Papoutsanis' total turnover**. Therefore, these collaborations entail the risk of an unexpected disruption between the parties or turbulence like Covid-19. Especially when the Company depends on its clients for a significant amount of its revenue, a disturbance could have major consequences on its profitability.

Mitigation: The Company has evolved strategic collaboration with these clients. For instance, Papoutsanis R&D department along with its clients produces many products like shaving foam.

RAW MATERIALS PRICES RISK (MR2)

The recent **surge in energy prices affects the cost of raw materials**. Consequently, the cost of production increased, as well as the prices of goods. Furthermore, some of its raw materials are financially traded products. Therefore, their prices are constantly fluctuating due to the increasing competition within the sector. Due to that situation, 40% of its materials viewed a slight price increase, according to Company's Management. More specifically, in case of an additional 10% increase in its COGS in 2022, the Company's EBITDA will decrease by 35.32% in comparison to our base case scenarios.

Mitigation: Considering this outcome, Papoutsanis has already signed open book contracts for almost 60% of the products. Through this agreement, the price is adjusted in relation to the cost of purchase of raw materials. In that way, the Company is not exposed to such market pricing changes and achieves more attractive and competitive prices.

SUPPLIER RISK (MR3)

As an industrial Company, Papoutsanis has to procure its raw materials in order to produce its products. Having one major supplier, Soya Hellas, providing the Company with raw materials and Olive Oil, could pose a serious threat if a sudden disorder of supplier occurs and provoke significant damage to the Company. In addition, since Malaysia and Indonesia are the locations of these supplies, the danger of economic or political disordering would affect Company's products negatively. According to Management, **more than 10% of the total supplies are contributed from Soya**, and in a case of an interruption, Company's sales will drop by €1.03mn (Team Analysis).

Mitigation: There is a long-term trust between Papoutsanis and Soya Hellas in the disposal of raw materials.

FINANCIAL RISKS

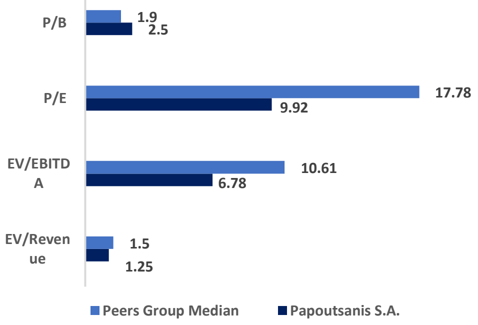
CREDIT RISK (FR1)

Papoutsanis' credit risk **derives mainly from receivables from customers**, which include to a great extent customer claims for branded products in the Greek market, claims for private label products by large supermarket chains and big companies abroad, and orders of hotel businesses, both domestic and foreign. Particularly, given the global economic crisis, the credit risk has increased and the Company's performance in the Z-Score Analysis further validates the fogginess of its financial risk management since its score is under the 2.99 threshold and above 1.81 for the examined period between 2018 and 2022. For FY23 – FY26, the Company has an average score of 3.07, inclining towards a stronger performance (Figure 18, Appendix – 4.5: Altman Z-Score Analysis).

Mitigation: To alleviate that risk, part of the Company's credit policy and practices is the use of credit insurance, the constant monitoring of the financial condition of its debtors, and when necessary, legal actions based on the credit policy of Papoutsanis as mentioned in their financial statements.

INTEREST RATE RISK (FR2)

Figure 29: 12mo Forward Metrics



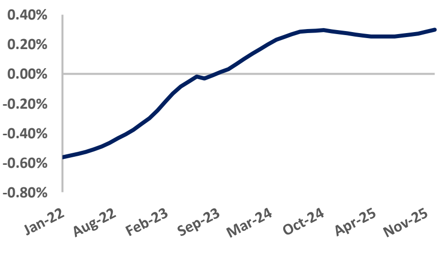
Source: Refinitiv Data, Team Analysis

Figure 30: Type of Risks

Type of Risk	*Mitigation*
Market Risks	**MR1:** Strategic collaborations, collective development of products
	MR2: Open book products for almost 60% of the products
	MR3: Long-Term trust and collaboration
Financial Risks	**FR1:** Credit insurance, continually control of debtors finanial situation
	FR2: Only interst-bearing asset, strong cash flow to deliver its debt obligations
	FR3: Healthy cash circle, positive cash flows
Operating Risks	**OR1:** Papoutsanis Commitment to go fully recycled and exo-friendly
	OR2: New products focusing on different ages
	OR3: Seperation between Management duties and Shareholding rights
	OR4: Enough reserves, applied high hygiene standards

Source: Team Analysis

Figure 31: Euribor 3Mo.



Source: Chatham Financial

According to the Company's management team, this particular risk is only associated with the fluctuation of the Euribor rate since Papoutsanis holds no other interest-bearing assets apart from its debt obligation, while the only currency that is used is the euro. The **Euribor 3Mo. is expected to rise by 0.80%** (Figure 31) in the upcoming years. This could lower Company's Earnings Before Taxes by 1.20% (Team analysis).
Mitigation: The only interest-bearing asset that Papoutsanis has can mitigate the risk since the danger is concentrated into one asset. Moreover, its healthy cash flow generated could support any debt obligation and secure the exposure to debt issues.

LIQUIDITY RISK (FR3)

This type of risk is related to the cash and cash equivalent adequacy of the Company in order to meet its obligations. Especially during tough economic periods, Papoutsanis **reserves are getting exposed to serious dangers** in terms of liquidity capacity. Furthermore, in difficult times the Company might face difficulty translating its inventories into cash due to poor economic activity. According to our calculation, if an incident like Covid-19 increases the Stock Days in the same levels of the pandemic era, ceteris paribus, a decrease of 21% in Cash will occur.
Mitigation: With positive free cash flows, working capital, and a robust credit circle, the Company manages to handle its operations in a way to always keep a satisfying level of liquidity. Moreover, its creditors' days exceed the debtors' one, providing ease in its payments.

OPERATING RISKS

RECYCLABILITY PACKAGING RISK (OR1)

Recycling is a major factor when it comes to product packaging. Many customers tend to choose products made of fully recycled materials. Papoutsanis confronts that risk since it uses packages to dispose of its products. However, the packaging of the Company is not comprised entirely of recycled products. **Only 72% of the soap packaging boxes are recycled** while the paper boxes needed for packaging are just 20% (Sustainability Report, 2020).
Mitigation: Papoutsanis' commitment is to be transformed into a total recycled and eco-friendly industry in the upcoming years.

PORTFOLIO PRODUCTS (OR2)

Nowadays, consumer preferences and behaviors are changing at a fast pace and the environment has become more competitive than ever before. More and more companies seek to expand their portfolio of products and gain additional customers. Papoutsanis offers a specific range of products, however it should strive for new ones that would set the Company as buyers' first choice and gaining a larger market share. Looking at some **competitors' portfolios** we may **find a wider variety of products** based on the sector.
Mitigation: Developing a new product like antiseptics can further increase its popularity and subsequently, its profitability. In the upcoming years, the Company should consider launching a new product focusing on social groups with higher potential profit. An interesting product could focus on elder people since the Greek population is aging and the demand might increase in the future.

GOVERNANCE RISK (OR3)

Papoutsanis' administration is composed of highly experienced members who managed to keep the Company strong and healthy, however, **part of its Management and Ownership is held by the main shareholders**. Therefore, it could pose a serious threat to the Company's governance, if any conflict occurs between the BoD and it may disrupt its operational activity.
Mitigation: Shareholders and Management are contradictory stake holding parties. The first for its returns and the latter for the Company's profitability. Consequently, the Board should consider hiring some qualified personnel with no ownership of the Company.

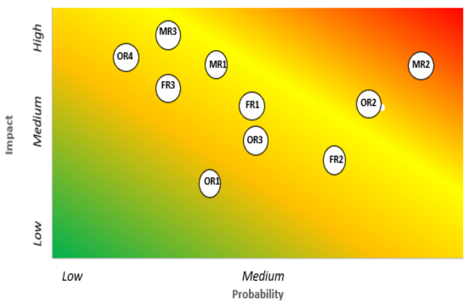
COVID-19 RISK (OR4)

In case of another probable outbreak of Covid-19, Papoutsanis will be considerably influenced. Specifically, **its inventory days increased by 52.32% from 2019 to 2020** due to the first emergence of the pandemic, negatively affecting its working capital and its cash flows. Additionally, this risk also includes the **danger of restricted production**, as the contagiousness of the virus increases and it is probable for the personnel to decrease in some shifts.
Mitigation: The healthy financial thesis of the Company and especially its solid reserves of cash lighten the repercussions on its working capital. Furthermore, its segment of Branded Products owing to the increased sales of hand sanitizers presented a rise of 84.97% in its revenues leading to an almost doubled amount of net earnings in 2020 further supporting its healthy financial thesis. Moreover, the risk of a full-stop in production is alleviated by the systematic diagnostic Covid-19 tests provided without charge by the Company to its employees as noted in its financial statements.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

After carefully examining the ESG factors based on Papoutsanis, we performed an extended Company analysis and a brief peer comparison to determine the Company's ESG performance on an absolute and a relative basis respectively. For the Company analysis, we followed the "ESG Integration" methodology as best practice, suggested by CFA Institute. We start with a top-down identification of key ESG maters for the sector and industry and then proceed with a bottom-up materiality assessment using an Importance – Influence plot (Figure 34) for Papoutsanis. For comparability purposes, we also developed our own scores (Figure 33, Appendix – 6.1: ESG Evaluation Scoring Scale) using scorecards and highlighting room for further improvements. Finally, in this research, we support the view that the Company strategically addresses its ESG risks and opportunities, and we further want to underpin our "buy" position proposed by the valuation analysis above.

Figure 32: Risk Impact – Probability Plot



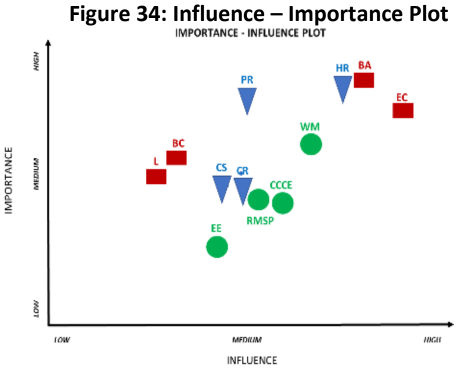
Source: Team Analysis

Figure 33: Papoutsanis' ESG Evaluation

PAPOUTSANIS SCORE	
ENERGY EFFICIENCY	C+
CLIMATE CHANGE & CO2 EMISSIONS	B
WATER MANAGEMENT	B+
RAW MATERIALS & SUST. PACKAGING	B-
PRODUCT RESPONSIBILITY	B+
CUSTOMER SATISFACTION	A-
HUMAN RIGHTS	A
COMMUNITY RELATIONS	A-
BOARD ACCOUNTABILITY	B
EXECUTIVE COMPENSATION	B+
BRIBERY & CORRUPTION	A
LOBBYING	A-

Source: Team Analysis

Figure 34: Influence – Importance Plot



Source: Team Analysis

Environmental Evaluation

ENERGY EFFICIENCY (EE) Importance: Medium | Influence: Medium
The past year, Papoutsanis invested €2.65mn aiming to improve its energy efficiency and reduce its consumption. This investment scheme consisted of first energy class equipment avoiding energy losses and promoting efficiency.
ENERGY EFFICIENCY SCORE: C+

CLIMATE CHANGE AND CARBON EMISSIONS (CO2) (CCCE) Importance: Medium | Influence: Medium
Through its warehouse expansion, a reduction of transportations on 3rd parties' facilities for storing purposes, limited the usage of vehicles and the carbon footprint. In addition, following GRI and ATHEX ESG Standards the Company releases an annual energy direct and indirect GHG emission report, which states the total consumption.
CLIMATE CHANGE AND CARBON EMISSIONS SCORE: B

WATER MANAGEMENT (WM) Importance: Medium | Influence: Medium
Regarding water management, Papoutsanis offers 2 innovative units of reverse osmosis and a CIP (Clean in Place) System in order to process and reuse the water used in production, mitigating consumption and performing a better water distribution. Remaining loyal to the environmental scope, Papoutsanis provides a biological treatment of wastewater where the disposals are frequently analyzed and recorded according to ADEC (Approval Decree of Environmental Conditions) standards.
WATER MANAGEMENT SCORE: B+

RAW MATERIALS AND SUSTAINABLE PACKAGING (RMSP) Importance: Medium | Influence: Medium
Papoutsanis' commitments are to invest in humans and the environment. Its eco and human-friendly footprint are imprinted in its raw materials. Alongside this mentality, the Company has adopted a vegan-friendly policy for the majority of its products, enabling vegans to use the Company's products. International certifications from ECOCERT and RSPO have been acquired by the Company indicating its dedication to its objective. Its new entrance into the syndet market confirms its commitment to plastic reduction as syndet products do not require plastic packaging and occupy less volume than liquid soaps.
RAW MATERIALS AND SUSTAINABLE PACKAGING SCORE: B-

AREAS OF IMPROVEMENT…
ENERGY RESOURCES: Papoutsanis uses only electricity in its production process. That could be dangerous especially when energy prices soared. A great opportunity both for the environment and for its profitability would be a RES adoption.
PACKAGING SOLUTION: Right now, the soap packages do not fully consist of recycled material. Company reports that only around 72% of them are recycled substances while on the paper boxes, recyclability reaches just 20%. That means that the Company has margins of improvement in particular aspects of packaging.

Social Evaluation

PRODUCT RESPONSIBILITY (PR) Importance: High | Influence: Medium
The available evidence seems to suggest that products' quality and safety play a key role in customers' choices. Following this commitment, Papoutsanis complies with ISO 9001 standards, invests in its know-how and recognizes its customers' needs and protection. Likewise, it promotes sustainability and environmental awareness, while constantly striving to develop innovative products by training its human capital and providing them with regular cyclical seminars.
PRODUCT RESPONSIBILITY SCORE: B+

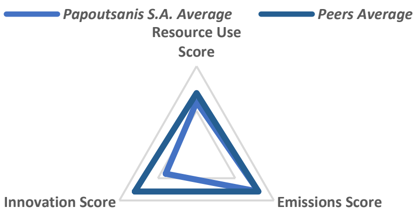
CUSTOMER SATISFACTION (CS) Importance: Medium | Influence: Medium
Within the quality assurance framework, Papoutsanis keeps constant contact with its consumers. Through its website and phone-call center, the Company receives feedback from the consumers regarding its products. Furthermore, aiming to keep up with its performance, each year the Company sets a target number which represents buyers' necessities in relation with the Company's product specification.
CUSTOMER SATISFACTION SCORE: A-

HUMAN RIGHTS (HR) Importance: High | Influence: High
Following the Sustainable Development Goals, the Company has set several guidelines in terms of respect for human rights. Having an essential principle, Papoutsanis fights against any discrimination and inequality and promotes diversity among its workforce. In the same line, it complies with the Greek labor Code of Conduct regarding children labor, placing a stricter policy to hire children over the age of 16. Finally, amid the pandemic the Company took care of its employees, spending € 600.000 for hygiene protection.
HUMANRIGHTS SCORE: A

COMMUNITY RELATIONS (CR) Importance: Medium | Influence: Medium
Charity, philanthropy, and social work are always Papoutsanis' priorities. The Company stands helper and supports hospitals, children's unions, and NGOs in an effort to abolish any social issue. During the Covid-19 period, Papoutsanis sponsored with machinery equipment and antiseptics ELPIS Hospital, the National Center of First Aid, domestic schools, and other NGOs. Along with all the aforementioned actions, Company's employees bear with volunteering, standing by health organizations.
COMMUNITY RELATIONS SCORE: A-

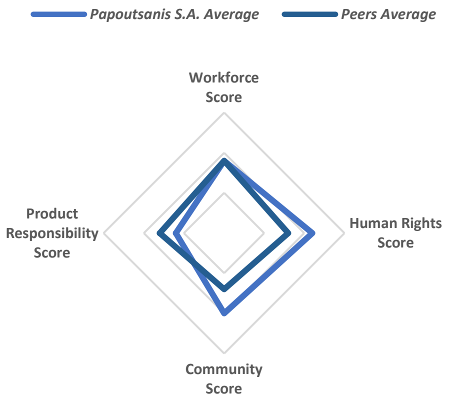
AREAS OF IMPROVEMENT…
FEMALE PRESENCE: Taking into account the reported evidence we end up that there is plenty of room for women to engage in the Company. According to Papoutsanis, only 32% of the total employees are female gender.

Figure 35: Environmental Evaluation



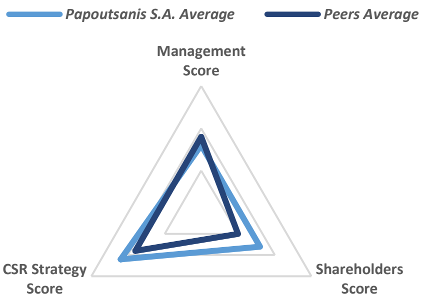
Source: Refinitiv, Team Analysis

Figure 36: Social Evaluation



Source: Refinitiv, Team Analysis

Figure 37: Governance Evaluation



Source: Refinitiv, Team Analysis

STUDENT AND YOUNG REPRESENTATION: Another great opportunity for Papoutsanis would be the hiring of younger students in order to help the new generation to engage with the real market and apply the academic knowledge in practice. The Company can give an essential exposure to them and contribute in this way to the young workforce. As we can see, the percentage of employees under the age of 30 is low in relation to other age groups.

Governance Evaluation

BOARD ACCOUNTABILITY (BA) Importance: High | Influence: High
Papoutsanis complies with the guidance for board accountability under the Greek Corporate Governance Code. According to this legislation, the competencies, size, the BoD's composition, and capacity are mentioned. Along with this Code, the Company is keeping up with the policy of appropriateness of the BoD members. In this report, the requirements in terms of knowledge and ethical skills that each member must fall in with are brought up. Papoutsanis has a strict frame under which the Board of Directors is operating. Despite this, transparency owns a respectful position as all of the administration's determination is been published, concerning shareholders, investors, and affiliate members.

BOARD ACCOUNTABILITY SCORE: B

EXECUTIVE COMPENSATION (EC) Importance: High | Influence: High
Keeping pace with the Compensation Policy, all of the executive members of the Company are paid transparently and fairly, promoting both the administration's incentives and the sustainability and prosperity of Papoutsanis. This Policy is set by the General Committee and is fully adopted by the BoD which is responsible for the imposition. Every year the BoD evaluates if the Company complies with the plan, otherwise, the rulings are reformed. Each employee is paid depending on the responsibilities. *EXECUTIVE COMPENSATION SCORE: B+*

BRIBERY AND CORRUPTION (BC) Importance: Medium | Influence: Medium
Papoutsanis is dedicated to acting by its Code of Conduct and tries constantly to confront inappropriate deeds that go against its mission. Regarding corruption, the Company has developed an index of performance in order to fight deception. As for bribery, it has established a policy for it to eliminate and condemn them. *BRIBERY AND CORRUPTION SCORE: A*

LOBBYING (L) Importance: Medium | Influence: Low
Observing the GRI standards, Papoutsanis has evolved an anti-competitive report in order to record any pending or completed lawsuits regarding lobbying. Until now, it has never engaged in any situations like this. The acquiescence and the confrontation of monopoly are major governance elements for the Company. *LOBBYING SCORE: A-*

AREAS OF IMPROVEMENT…

HIRING TOP EXECUTIVES: Considering that shareholders and directors are two different stakeholder groups with varying interests, scope, and visions, Papoutsanis will be able to hire high-class executives in the upcoming years, who have valuable experience in some top peer firms aiming to enhance productivity and the decision-making process. In Papoutsanis' case, some shareholders hold crucial positions on the board of directors controversial with their shareholders' interest.

ESG Peer Group Comparison

In order to perform the Peer Group Analysis, we ended up with four competitors that include Papoutsanis' products in their portfolios. These four are; Sarantis S.A., P&G, Unilever and Beiersdorf AG. Sarantis and Beiersdorf are relatively similar, while Unilever and P&G are market leaders (Figure 38). We chose the leaders to emphasize on the gap of improvement of the Company compared to ESG leaders. Regarding Papoutsanis' ESG Scores, they are derived from the team's calculation as we consulted the Refinitiv's scoring framework provided by the Company's competitors. We then found in how many of those factors Papoutsanis applies and calculated a score for each sub-category.

In terms of the ***Environmental*** perspective, it can be observed that Papoutsanis lags behind its rivals in the Resource Use and Innovation factor. However, it shows the same score in the Emissions element which can be imprinted due to its emissions reduction commitment regarding the limitation of the transportation and its accordance with GRI Standards. (Figure 35)

Regarding the second parameter of ESG, Papoutsanis outperforms in ***Social*** Evaluation in both Human Rights and Community score, as the Company has indeed placed strict lines in terms of human rights. Moreover, its social work can be explained after its charitable and voluntary initiatives. Nevertheless, Product Responsibility is where the Company can indicate signs of improvement, while in the Workforce factor it equalizes with its competitors. (Figure 36)

Papoutsanis' strong ***Governance*** presence is imprinted against its peers. The Company seems to be placed above its competitors in the Shareholders and CSR Strategy score, which can be observed due to its dedicated compliance with the GRI and UNPRI Guidelines. As for the Management factor, it stands behind its rivals' average. (Figure 37)

Figure 38: Papoutsanis vs Competitors ESG Scores

ESG FACTORS	SARANTIS S.A.	BEIERSDORF AG	P&G	UNIVEVER PLC	PAPOUTSANIS
Resource Use (Weight 13.1%)	C-	A-	A	B+	C+
Emissions (Weight 13.1%)	C+	A	B+	A-	B
Innovation (Weight 2.6%)	C	C	A+	A	C-
Workforce (Weight 10.9%)	B-	A-	A-	A+	B+
Human Rights (Weight 12.2%)	C	B-	A	A	A
Community (Weight 8.7%)	D+	B-	B	A+	A-
Product Responsibility (Weight 13.4%)	C+	C+	B+	A+	B+
Management (Weight 17.4%)	B-	B	C	A+	B
Shareholders (Weight 5.2%)	D+	B-	B+	A	B
CSR Strategy (Weight 3.5%)	C-	A+	A	A+	A

Source: Team Analysis

CFA Institute® Research Challenge

APPENDIX

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Abbreviation

ABBREVIATION	FULL TERM	ABBREVATION	FULL TERM
R&D	Research & Development	SA	Societe Anonyme
EPS	Earnings Per Share	DCF	Discounted Cash Flow
CAGR	Compounded Annual Growth Rate	CAPM	Capital Asset Pricing Model
CFO	Cash Flow from Operations	PV	Present Value
CAPEX	Capital Expenditures	EV	Enterprise Value
YoY	Year over Year	P/E	Price to Equity
BoD	Board of Directors	P/B	Price to Book Value
CFO	Chief Financial Officer	CoE	Cost of Equity Spread
CEO	Chief Excecutive Officer	COGS	Cost Of Goods Sold
mn	Million	Mo.	Months
bn	Billion	GRI	Global Report Initiative
B2B	Business to Business	ISO	International Organization of Standardization
OEM	Original Equipment Manufacturer	NGO	Non Governmental Organization
EBITDA	Earnings Before Interests, Taxes, Depeciation and Amortazation	CSR	Corporate Social Responsibility
FY	Fiscal Year	EBT	Earnings After Taxes
FCF	Free Cash Flow	F	Forecasted
EBIT	Earnings Before Interests, Taxes	2Y	2-Years
WACC	Weighted Average Cost of Capital	FCFY	Free Cash Flow Yield
ROE	Return on Equity	EBRD	European Bank for Reconstruction and Development
CCA	Comparable Company Analysis	ROIC	Return on Investment Capital
DDM	Dividennd Discount Model	E	Estimated

Appendix 1: Financials

Appendix 1.1 Income Statement

Income Statement	Historical					Projected					
in €	2016A	2017A	2018A	2019A	2020A	2021E	2022F	2023F	2024F	2025F	2026F
Revenue	**18,032,127**	**20,775,451**	**24,240,709**	**30,667,128**	**40,841,939**	**54,800,000**	**66,437,469**	**77,140,110**	**86,410,279**	**94,972,513**	**102,367,628**
Cost of Goods Sold	-13,057,999	-14,945,143	-17,532,131	-21,857,094	-27,776,800	-36,126,478	-43,184,355	-50,141,071	-55,993,861	-61,352,243	-65,924,753
Gross Profit	**4,974,128**	**5,830,308**	**6,708,578**	**8,810,034**	**13,065,139**	**18,673,522**	**23,253,114**	**26,999,038**	**30,416,418**	**33,620,270**	**36,442,876**
Distribution expenses	-2,235,714	-2,405,121	-2,858,535	-3,260,896	-3,806,192	-7,118,007	-7,428,059	-8,624,671	-9,661,125	-10,618,428	-11,445,241
Administration expenses	-1,940,015	-2,105,098	-2,122,200	-2,617,414	-2,525,574	-3,047,139	-4,491,173	-5,160,673	-5,720,360	-6,220,700	-6,633,422
Research and development expenses	-140,421	-144,966	-139,810	-517,261	-677,406	-831,193	-1,076,287	-1,249,670	-1,399,847	-1,538,555	-1,658,356
Other Income	501,454	352,755	436,591	450,133	697,213	855,570	1,048,862	1,217,827	1,364,177	1,499,351	1,616,099
Other Expenses	-496,989	-414,371	-334,110	-411,762	-989,880	-978,069	-1,229,351	-1,427,392	-1,598,926	-1,757,360	-1,894,199
Total Expenses	**-4,311,685**	**-4,716,801**	**-5,018,064**	**-6,357,200**	**-7,301,839**	**-11,118,839**	**-13,176,008**	**-15,244,579**	**-17,016,081**	**-18,635,692**	**-20,015,118**
Earnings Before Interest & Taxes	**662,443**	**1,113,507**	**1,690,514**	**2,452,834**	**5,763,300**	**7,554,684**	**10,077,106**	**11,754,459**	**13,400,338**	**14,984,578**	**16,427,757**
Financial Income (net)	-542,716	-574,940	-628,232	-597,671	-556,401	-595,824	-616,679	-593,894	-563,732	-603,782	-707,225
Earnings Before Taxes	**119,727**	**538,567**	**1,062,282**	**1,855,163**	**5,206,899**	**6,958,860**	**9,460,427**	**11,160,565**	**12,836,605**	**14,380,796**	**15,720,532**
Income tax	-170,082	-118,175	43,018	-507,992	-1,385,720	-1,510,036	-2,052,863	-2,421,784	-2,785,476	-3,120,557	-3,411,273
Net Earnings	**-50,355**	**420,392**	**1,105,300**	**1,347,171**	**3,821,179**	**5,448,824**	**7,407,564**	**8,738,781**	**10,051,129**	**11,260,239**	**12,309,259**

Appendix 1.2 Balance Sheet

Balance Sheet	Historical					Projected					
in €	2016A	2017A	2018A	2019A	2020A	2021E	2022F	2023F	2024F	2025F	2026F
Assets											
Non - Current A:											
Tangible Assets	24,944,078	25,355,972	26,815,600	27,821,937	32,352,100	38,609,295	42,230,965	46,696,884	51,720,809	57,226,125	63,101,973
Investment Properties	235,000	235,000	235,000	226,707	226,707	226,707	226,707	226,707	226,707	226,707	226,707
Intangible Assets	102,342	76,264	185,617	177,878	225,252	235,710	247,518	280,272	304,921	339,226	380,255
Investment in Subsidiaries	0	0	0	0	0	0	0	0	0	0	0
Long - Term Receivables	129,352	59,894	21,268	17,797	18,925	17,651	16,587	16,492	15,753	15,166	14,720
Total Non - Current Assets	**25,410,772**	**25,727,130**	**27,257,485**	**28,244,319**	**32,822,984**	**39,089,362**	**42,721,777**	**47,220,355**	**52,268,190**	**57,807,224**	**63,723,655**
Current Assets:											
Inventories	3,398,997	3,515,533	4,426,394	3,870,807	7,492,943	8,110,836	8,636,871	8,929,232	9,971,509	10,925,742	11,740,024
Trade Receivables (opening	4,409,749	4,539,873	3,790,903	3,980,057	4,421,961	6,855,087	7,752,021	9,325,247	10,264,185	11,381,100	12,213,483
Trade Receivables	873,021	45,783	106,695	108,896	233,537	239,044	334,851	362,644	420,870	454,525	494,254
Other Receivables	240,583	365,552	832,550	649,616	2,126,219	1,873,003	2,864,737	2,981,395	3,532,815	3,776,738	4,128,017
Cash & Cash Equivalent	777,821	1,918,716	2,940,575	2,650,657	4,256,667	4,350,441	4,483,982	4,117,514	4,939,074	7,467,750	9,588,617
Total Current Assets	**9,700,171**	**10,385,457**	**12,097,117**	**11,260,033**	**18,531,326**	**21,428,412**	**24,072,462**	**25,716,032**	**29,128,453**	**34,005,854**	**38,164,396**
Total Assets	**35,110,943**	**36,112,587**	**39,354,602**	**39,504,352**	**51,354,310**	**60,517,774**	**66,794,239**	**72,936,387**	**81,396,643**	**91,813,078**	**101,888,051**
Liabilities											
Non - Current Liabilities:											
Long - Term Borrowings	4,389,906	6,700,365	6,419,970	5,892,022	9,093,029	9,831,382	9,362,723	9,266,400	9,838,176	11,594,291	12,866,015
Deffered Income Tax	2,767,784	2,881,230	2,769,308	3,279,561	3,535,100	3,900,415	4,598,086	4,371,695	4,287,905	3,994,928	3,528,709
Provisions to Employees	550,162	606,022	712,120	792,994	914,507	1,034,705	1,013,160	1,194,131	1,417,153	1,714,665	2,032,513
Other Provisions	10,000	10,000	175,142	175,142	760,643	1,793,472	1,611,066	1,606,167	1,614,423	1,663,780	1,694,893
Grants	1,840,960	1,746,984	1,618,874	1,368,385	1,241,220	1,375,465	1,468,918	1,331,063	1,206,146	1,092,952	990,381
Total Non - Current Liabilities	**9,558,812**	**11,944,601**	**11,695,414**	**11,508,104**	**15,544,498**	**17,935,439**	**18,053,952**	**17,769,457**	**18,363,803**	**20,060,615**	**21,112,511**
Current Liabilities:											
Accounts Payable	2,793,350	3,245,988	5,481,951	5,406,224	7,992,122	9,239,476	10,825,667	12,569,611	14,036,817	15,380,083	16,526,342
Other Liabilities	732,415	653,083	664,132	1,101,079	1,643,652	1,704,678	2,037,607	2,213,171	2,450,235	2,721,969	2,976,206
Provisions	53,000	0	0	0	0	0	0	0	0	0	0
Income Tax	0	0	0	0	1,102,378	1,695,351	1,924,307	2,234,301	2,502,804	2,750,802	2,964,995
Short - Term Borrowings	4,364,561	2,360,214	3,147,650	2,261,290	3,402,352	4,593,175	4,528,891	3,919,703	4,284,717	4,948,212	5,586,507
Total Current Liabilities	**7,943,327**	**6,259,285**	**9,293,733**	**8,768,593**	**14,140,504**	**17,232,680**	**19,316,472**	**20,936,786**	**23,274,574**	**25,801,066**	**28,054,050**
Total Liabilities	**17,502,139**	**18,203,886**	**20,989,147**	**20,276,697**	**29,685,002**	**35,168,119**	**37,370,424**	**38,706,243**	**41,638,377**	**45,861,681**	**49,166,561**
Equity											
Share Capital	15,747,184	15,747,184	15,322,230	14,819,862	14,529,291	14,582,616	14,582,616	14,582,616	14,582,616	14,582,616	14,582,616
Share Premium Account	31,953,519	31,953,519	14,431,168	14,431,168	1,819,487	1,864,912	1,864,912	1,864,912	1,864,912	1,864,912	1,864,912
Own shares	0	-108,917	0	0	0	0	0	0	0	0	0
Fair Value Reserves	1,479,307	1,479,307	1,479,307	1,551,930	1,551,930	1,551,930	1,551,930	1,551,930	1,551,930	1,551,930	1,551,930
Currency Differences	0	0	0	-275	-1,908	0	0	0	0	0	0
Other Reserves	217,200	217,200	217,200	217,200	237,435	271,148	271,148	271,148	271,148	271,148	271,148
Retained Earnings	-31,788,407	-31,379,592	-13,084,450	-11,783,630	3,514,811	7,079,049	11,153,209	15,959,539	21,487,660	27,680,792	34,450,884
Total Equity to Shareholders	**17,608,803**	**17,908,701**	**18,365,455**	**19,236,255**	**21,651,047**	**25,349,655**	**29,423,815**	**34,230,145**	**39,758,266**	**45,951,398**	**52,721,490**
Non - Controling Interests	0	0	0	-8,600	18,261	0	0	0	0	0	0
Total Equity	**17,608,803**	**17,908,701**	**18,365,455**	**19,227,655**	**21,669,308**	**25,349,655**	**29,423,815**	**34,230,145**	**39,758,266**	**45,951,398**	**52,721,490**
Total Liabilities & Equity	**35,110,943**	**36,112,587**	**39,354,602**	**39,504,352**	**51,354,310**	**60,517,774**	**66,794,239**	**72,936,387**	**81,396,643**	**91,813,078**	**101,888,051**

Appendix 1.3

Cash Flow Statement

Cash flow Statement			Historical					Projected			
in €	**2016A**	**2017A**	**2018A**	**2019A**	**2020A**	**2021E**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
Operating Activities											
Profit before tax	**119,727**	**538,567**	**1,062,282**	**1,855,163**	**5,206,899**	**6,958,860**	**9,460,427**	**11,160,565**	**12,836,605**	**14,380,796**	**15,720,532**
+/- adjustments for:											
Depreciation	1,317,429	1,189,906	1,176,658	1,392,616	1,919,126	2,212,589	2,314,322	2,477,405	2,675,019	2,935,980	3,215,739
Provisions	243,798	256,836	208,627	91,974	1,086,831	707,188	-203,952	176,073	231,278	346,869	348,961
Currency Exchange changes	0	0	0	-549	0	0	0	0	0	0	0
Grants Depreciation	-147,469	-131,415	-128,111	-125,339	-227,198	-145,591	-166,043	-179,610	-163,748	-169,800	-171,053
Investments (Income)/Expenses	3,450	0	0	8,293	0	44,243	44,243	44,243	44,243	44,243	44,243
Financial cost	542,716	574,940	628,232	597,766	556,401	595,824	616,679	593,894	563,732	603,782	707,225
Total	**2,079,651**	**2,428,834**	**2,947,688**	**3,819,924**	**8,542,059**	**10,373,113**	**12,065,676**	**14,272,569**	**16,187,130**	**18,141,869**	**19,865,648**
+/- adjustments in working capital accounts or operating activities											
Decrease/(Increase) of Receivables	-324,871	-116,536	8,057	-94,214	-2,038,305	-2,185,417	-1,904,284	-1,751,314	-1,516,913	-1,401,071	-1,210,091
Decrease/(Increase) of Inventories	-529,520	354,863	-910,861	555,587	-3,641,136	-617,893	-526,035	-292,361	-1,042,278	-954,232	-814,283
Decrease/(Increase) of Liabilities (ex.Banks)	45,176	320,306	2,246,846	209,947	2,771,319	1,736,951	2,469,464	2,293,539	2,073,000	1,954,721	1,695,239
Minus:											
Debit Interests expenses	*-549,750*	*-546,277*	*-648,239*	*-660,610*	*-328,657*	*-562,565*	*-478,511*	*-460,832*	*-437,427*	*-468,504*	*-548,771*
Taxes Paid							*-755,018*	*-2,052,863*	*-2,421,784*	*-2,785,476*	*-3,120,557*
Total income/outcome from Operating Activities	**720,686**	**2,441,190**	**3,643,491**	**3,830,634**	**5,305,280**	**8,744,189**	**10,871,293**	**12,008,738**	**12,841,727**	**14,487,307**	**15,867,185**
Investing Activities											
Paritcipation in Subsidiaries	0	0	0	0	0	0	0	0	0	0	0
Purchase Own Shares	0	-108,917	0	0	0	0	0	0	0	0	0
Purchase of Tangible & Intangible Assets	-2,190,537	-1,667,302	-2,767,779	-2,001,710	-6,496,663	-8,469,784	-5,979,372	-6,942,610	-7,776,925	-8,547,526	-9,213,087
Collection of sales of Tangible & Intangible Assets	250,583	161,038	60,765	0	0	7,922	0	0	0	0	0
Total income/outcome from Investing Activities	**-1,939,954**	**-1,615,181**	**-2,707,014**	**-2,001,710**	**-6,496,663**	**-8,461,862**	**-5,979,372**	**-6,942,610**	**-7,776,925**	**-8,547,526**	**-9,213,087**
Financial Activities											
Capital Share Return	3,258,613	5,580,416	-251,018	-502,086	-1,254,703	0	0	0	0	0	0
Purchase of own shares	0	0	0	0	0	-60,406	-166,362	-60,495	0	0	0
Reserves based on securities of partic	0	0	0	0	0	79,672	0	0	0	0	0
Income from Capital Share Increase	48,970	37,439	0	13,212	36,291	98,750	0	0	0	0	0
Expenses from Capital Share change	0	0	-190,649	0	0	0	0	0	0	0	0
Income from loans issued/undertaken	360,299	158,177	1,286,794	5,029,613	10,000,000	5,286,900	2,351,968	2,072,813	3,574,010	5,244,189	5,218,519
Income from loans issued/undertaken(leasing)	0	0	1,822,306	0	0	0	0	0	0	0	0
Government Grants receivments	0	0	0	0	0	119,536	0	0	0	0	0
Loans Paid-offs	-3,289,960	-5,291,186	-1,843,878	-6,142,842	-5,499,580	-3,357,723	-2,884,911	-2,778,323	-2,637,221	-2,824,579	-3,308,501
Financial Lease Liabilities Paid-offs	-145,873	-169,960	-738,175	-516,737	-485,236	-470,696	-725,672	-734,140	-657,023	-763,607	-904,083
Divideneds Paid-off	0	0	0	0	0	-1,884,586	-3,333,404	-3,932,452	-4,523,008	-5,067,107	-5,539,167
Total Income/Outcome from Financial Activities	**232,049**	**314,886**	**85,380**	**-2,118,840**	**2,796,772**	**-188,553**	**-4,758,381**	**-5,432,597**	**-4,243,242**	**-3,411,105**	**-4,533,232**
Net Increase/Decrease in Cash & Cash Equivalents of the period	**-987,219**	**1,140,895**	**1,021,857**	**-289,916**	**1,605,389**	**93,774**	**133,541**	**-366,468**	**821,560**	**2,528,676**	**2,120,867**
Cash & Cash Equivalents at January 1st	1,765,040	777,821	1,918,716	2,940,575	2,650,657	4,256,667	4,350,441	4,483,982	4,117,514	4,939,074	7,467,750
Currency Exchange changes in Cash & Cash Equivalents	0	0	0	0	622	0	0	0	0	0	0
Cash & Cash Equivalents at December 31st	**777,821**	**1,918,716**	**2,940,573**	**2,650,659**	**4,256,668**	**4,350,441**	**4,483,982**	**4,117,514**	**4,939,074**	**7,467,750**	**9,588,617**

Appendix 2: Business Description

Appendix 2.1

SWOT Analysis

Strengths

Focus on international growth strategy by utilizing current partnerships with leading multinational companies.

Agile, experienced, highly competent management team, took advantage of the pandemic's advent by producing antiseptics.

Great risk management, operates in 4 separate segments.

State-of-the-art plant in Evia, equipped with automated, sophisticated production lines during the recent €13mn investment plan.

Cooperation with clients' R&D departments, to jointly develop new products.

Well-established Supply Chain, signed open book contracts for 60% of products.

Weaknesses

Weak foreign B2C, due to lack of exports in the Own brands segment.

End of Government's grant in FY21, the Company has to pay taxes, at 22%, in the coming years.

No renewable energy source is used in the production process.

Brexit complicated the transfer of products to the United Kingdom.

Opportunities

Entry and expansion in new foreign markets and continents (e.g., U.S.A., Asia), by additional penetration of Hotel Amenities products and Contract Manufacturing.

Production of new innovative products and diversification, further developing B2C in Greece and brand recognizability.

New partnerships with global leading hotel chains and multinational corporations.

Introduction of a new sales channel, selling spare capacity directly to consumers through a Company's website.

Introduction of new Vegan products segment.

Potential for acquisition or merger.

Threats

Part of the profitability depends on contracts with rivals, like Unilever or Sarantis.

Increase in raw materials prices, led by the surge in energy prices, have driven the cost of sales way up.

The Greek market stagnation and the fact that it is projected to not reach its pre-pandemic levels any time soon.

COVID-19 has a negative influence on inventories, so a possible outbreak will affect the Working Capital and Cash Flow.

Sources: Papoutsanis Investor Presentation 2021, Team Analysis

Appendix 3: Industry Overview & Competitive Positioning

Appendix 3.1 Porter's 5 Forces Analysis

Threat of Substitutes: - Low (1)

The threat of substitutes is considered to be relatively low (1), for the following reasons:

Partial substitution in recent years, with the emergence of new soap products like solid shampoo (syndet) or natural and eco-friendly soaps, however the Company has managed to quickly incorporate the majority of them in its portfolio.

Hand sanitizing cannot be easily substituted with a product different from soap (liquid or solid), or antiseptics which Papoutsanis already manufactures.

During COVID-19 no substitute soap product was invented, indicating that it is unlikely to be a threat in the future.

Threat of New Entrants: - Moderate (2)

Entering the Beauty and Personal Care industry in Greece is relatively easy, however there are numerous barriers on the way to competing with Papoutsanis. Therefore, the threat of new entrants is considered moderate (2) for the following reasons:

High investment cost, driven by expensive autonomous and specialized machinery.

Quality and safety assurance by numerous institutions is needed before new products enter the market.

A sales channel requires high capital expenditures and proprietary knowledge, to be appropriately built.

High Advertisement costs needed to earn market share from entities with strong brand recognition

Rivalry within the industry: - High (3)

As a company, Papoutsanis has no direct rivals operating in all the exact same segments. However, there are companies in the industry that compete with Papoutsanis in specific segments. The rivalry within the industry is high (3), for the following reasons:

Oligopoly in Greek Hotel Amenities segment, regarding the service of 4* and 5* hotels including mainly Papoutsanis and Korres.

Plethora of unique offered products and a large number of companies manufacturing them, both leading to a drop in prices.

Competitors engage in advertising and price wars, hurting their bottom line, by decreasing their profit margins.

The existence of small retail companies intensifies the domestic competition in supermarkets and drugstores.

Bargaining power of Buyers: - Moderate (2)

The bargaining power of buyers is considered to be moderate (2), for the following reasons:

The majority of buyers are multiple times larger, although the partnerships are tied with fixed, long-lasting contracts that buyers can't get away from before expiration.

The Company's brand recognition and its presence in the market for over 150 years

Nobody else in Greece can produce the same quality and quantity of specialty soap bases, as Papoutsanis owns the best production plant in S.E. Europe.

Cosmetic stores or big supermarket chains can negotiate better prices, in exchange for strategic placement of products on shelves.

Bargaining power of Suppliers: - Low (1)

The bargaining power of suppliers is considered to be relatively low (1), for the following reasons:

Vast network of raw material suppliers, other than some specific oils which are supplied by Soya Hellas, meaning that there are a lot of options for Papoutsanis.

Almost all of its packaging products are manufactured inside the newly renovated plant (90-95%) (PET, PE bottles and PP closing cups), meaning that no such supplier is needed.

Local suppliers are within a 500km radius and are significantly smaller in size compared to Papoutsanis.

Sources: Papoutsanis Investor Presentation 2021, Team Analysis

Appendix 3.2 Competition Overview

Apivita S.A. was founded in 1979 in Athens, by 2 pharmacists, Nikos and Niki Koutsana. Apivita is the first multinational Greek enterprise, based on ecological criteria. The company is active in 15 countries all around the world, like Spain, Greece, Hong-Kong, USA, Cyprus etc. Nowadays, its annual turnover is around **€45mn**.

Korres S.A. was launched in 1996 by a Naxian pharmacist, George Korres. The pioneering brand offers beauty products for men and women, based on **96% natural content**, environmentally friendly ingredients and homeopathy. Nowadays, Korres presence spans 30 countries and owns 25 stores in important capitals, such as Athens, Paris, Madrid, Singapore, etc. It sells a wide range of hair, face and body products, as well as makeup, perfumes and **Hotel Amenities**. Nowadays, its annual sales are approximately €50mn.

Sarantis S.A. is a Greek multinational consumer products company, founded in Athens, Greece in 1964. In 1999 Sarantis built its new production facilities, warehouse and distribution center in Athens and since then has acquired many consumer products companies in Greece and abroad. Today, the company operates in **12 countries through subsidiaries**, has a significant presence through its export activity and maintains a **50-country distribution network** via direct exports through its headquarter facilities and its subsidiaries.

Sources: Companies' Websites and Financial Statements, Team Analysis

Appendix 3.3 Competitive Positioning by Segment

OWN BRANDS - CONTRACT MANUFACTURING												
Company	Product Type											Market Penetration
	Antiseptics	Hand Wash	Bar Soap	Hair Care	Body Care	Facial Treatment	Intimate Area	Skin Care	Cosmetics	Fragrances	Segment of Competition	High/Med/Low
Apivita	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Own Brands	Medium
Korres	✓	✓	✓	✓	✓	✓		✓	✓		Own Brands	Medium
Freshline	✓	✓	✓	✓	✓	✓		✓	✓		Own Brands	Low
Unilever	✓	✓	✓	✓	✓	✓		✓	✓	✓	Contract Manufacturing	High
Creightons		✓		✓	✓	✓		✓	✓		Own Brands	Medium
Sarantis	✓	✓	✓	✓	✓	✓		✓	✓	✓	Contract Manufacturing	Medium High
Mega Disposables	✓						✓	✓			Own Brands	Low
Beiersdorf Hellas		✓		✓	✓	✓		✓	✓		Contract Manufacturing	Medium Low
Global Cosmed		✓		✓	✓			✓	✓		Contract Manufacturing	Medium Low
Papoutsanis S.A.	✓	✓	✓	✓	✓	✓		✓	✓			Medium

HOTEL AMENITIES												
Company	Product Type											Market Penetration
	Hair Care	Body Care	Solid soap	Moisturizer	Toothbrush	Shoe polisher	Comb	Vanity kit	Shaving kit	Sewing kit	Slippers	High/Med/Low
Korres	✓	✓	✓	✓				✓				High
Amari	✓	✓	✓	✓				✓		✓		Low
Savil	✓	✓	✓	✓	✓		✓	✓	✓	✓		Medium
Sysco Guest Supply	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	High
Artisti Italiani	✓	✓	✓					✓		✓		Low
Apivita	✓	✓	✓	✓				✓				Medium
Papoutsanis S.A.	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	Medium High

SPECIALTY SOAP BASES									
Company	Product Type								Market Penetration
	Syndet	Olive Oil	Palm Oil	Palm Oil Free	Palm Oil / Fat	Melt & Pour	Shea Butter	Coconut	High/Med/Low
Speick	✓	✓	✓	✓				✓	Medium
Cremer OLEO		✓	✓	✓		✓	✓	✓	Medium High
Stephenson	✓	✓	✓	✓		✓	✓	✓	High
Papoutsanis S.A.	✓	✓	✓	✓	✓	✓	✓	✓	High

Sources: Companies' Websites and Financial Statements, Team Analysis

Appendix 3.4 Competition Ratios Analysis

Key Ratios - Competitors Analysis	Papoutsanis		Sarantis		Apivita		Korres	
	2019A	2020A	2019A	2020A	2019A	2020A	2019A	2020A
Profitability Ratios (%)								
Net Profit Margin (%)	4.39	9.36	10.40	10.00	9.13	3.30	2.74	-4.73
Gross Profit Margin (%)	28.73	31.99	37.18	37.74	62.42	60.04	52.35	47.02
Operating margin (%)	8.00	14.11	11.80	9.80	13.40	5.21	8.12	-0.64
EBITDA margin (%)	12.13	18.25	14.59	13.62	15.96	7.83	3.80	-6.03
Return on Assets (%)	3.41	7.44	10.00	9.22	9.18	3.06	2.15	-3.08
Return on Equity (%)	7.00	17.65	16.23	14.96	20.37	6.34	7.50	-12.33
Liquidity Ratios (x)								
Current ratio (x)	1.28	1.31	2.25	2.73	1.61	1.63	2.13	2.06
Quick ratio (x)	0.84	0.78	1.43	1.55	1.10	1.00	2.06	2.13
Cash ratio (x)	0.30	0.30	0.00	0.01	1.01	0.93	0.31	0.28
Working Capital to Total Assets (x)	0.06	0.09	0.34	0.37	0.23	0.24	0.36	0.36
Solvency Ratios (x)								
Total Debt to Total Assets (x)	0.21	0.24	0.19	0.17	0.31	0.19	0.43	0.46
Debt to Equity (x)	0.42	0.58	0.32	0.27	0.44	0.41	1.49	1.83

Sources: Companies' Websites and Financial Statements, Team Analysis

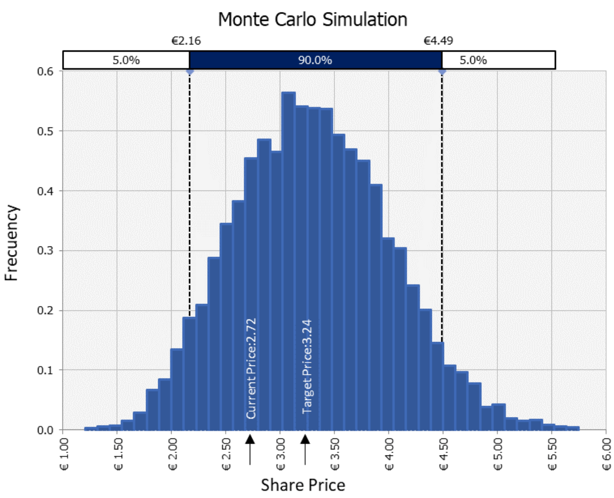
Appendix 4: Financial Analysis

Appendix 4.1 Ratios Analysis

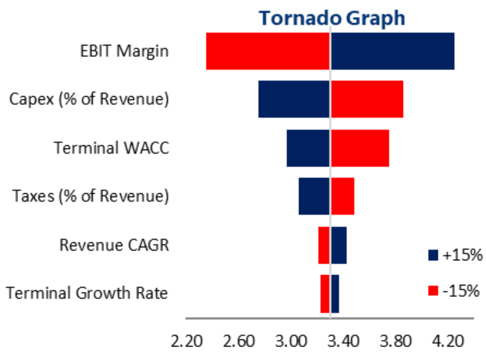
Key Ratios (Fiscal year ends 31 December)	Historical 2016	2017	2018	2019	2020	2021E	Projected 2022F	2023F	2024F	2025F	2026F
Profitability Ratios (%)											
Net Profit Margin	-0.28	2.02	4.56	4.39	9.36	9.94	11.15	11.33	11.63	11.86	12.02
Gross Profit Margin	27.58	28.06	27.67	28.73	31.99	34.08	35.00	35.00	35.20	35.40	35.60
Operating margin	3.67	5.36	6.97	8.00	14.11	13.79	15.17	15.24	15.51	15.78	16.05
EBITDA margin	10.16	10.45	11.65	12.13	18.25	17.56	18.40	18.22	18.41	18.69	19.02
Return on Assets	-0.14	1.16	2.81	3.41	7.44	9.00	11.09	11.98	12.35	12.26	12.08
Return on Equity	-0.29	2.35	6.02	7.00	17.65	21.49	25.18	25.53	25.28	24.50	23.35
Liquidity Ratios (x)											
Current ratio	1.22	1.66	1.30	1.28	1.31	1.24	1.25	1.23	1.25	1.32	1.36
Quick ratio	0.79	1.10	0.83	0.84	0.78	0.77	0.80	0.80	0.82	0.89	0.94
Cash ratio	0.10	0.31	0.32	0.30	0.30	0.25	0.23	0.20	0.21	0.29	0.34
Receivables Turnover	3.32	3.97	5.01	6.48	7.09	6.96	6.67	6.53	6.43	6.37	6.31
Inventory Turnover	4.17	4.32	4.42	5.27	4.89	4.63	5.16	5.71	5.93	5.87	5.82
Payables Turnover	0.22	0.20	0.25	0.25	0.24	0.24	0.23	0.23	0.24	0.24	0.24
Cash Conversion Cycle (days)	118.16	102.70	64.71	34.71	38.11	44.23	40.70	34.67	31.67	31.98	32.27
Working Capital Turnover	10.26	5.04	8.65	12.31	9.30	13.06	13.97	16.14	14.76	11.58	10.13
Solvency Ratios (x)											
Total Debt to Total Assets (Book Values)	0.25	0.25	0.24	0.21	0.24	0.24	0.21	0.18	0.17	0.18	0.18
Debt to Equity (Book Values)	0.50	0.51	0.52	0.42	0.58	0.57	0.47	0.39	0.36	0.36	0.35
Interest Coverage	1.22	1.94	2.69	4.10	10.36	12.68	16.34	19.79	23.77	24.82	23.23

Sources: Company Data, Team Analysis

Appendix 4.2 Monte Carlo Simulation



Simulation Statistics	
Iterations	10,000
Minimum	1.2035
Maximum	5.7489
Mean	3.2986
Mode	3.2001
Std. Deviation	0.7044
Variance	0.8393
Skewness	0.1836
Kurtosis	2.8096



Variable	Minimum	Base Case	Maximum	Distribution
Revenue CAGR	11.41%	13.42%	15.43%	PERT
EBIT Margin	12.99%	15.28%	17.57%	PERT
Taxes (% of Revenue)	3.80%	3.30%	2.81%	PERT
D&A (% of Revenue)	3.47%	4.08%	4.69%	PERT
Capex (% of Revenue)	10.34%	8.99%	7.64%	PERT
WC (% of Revenue)	0.43%	0.37%	0.31%	PERT
Debt (% of Revenue)	20.42%	17.76%	15.10%	PERT
Cash & Cash Equivalents (% of Revenue)	7.34%	8.64%	9.94%	PERT
Terminal Growth Rate	1.24%	1.46%	1.68%	PERT
Terminal WACC	8.17%	7.10%	6.04%	PERT

In the Monte Carlo simulation and in the scenario analysis were used the same variables conducive to an in-depth analysis, while the PERT distribution was selected in order to emphasize the base case, which is the most likely to occur.

Sources: Company Data, Team Analysis

Appendix 4.3 DuPont Analysis

A DuPont Analysis was conducted in order to determine the strong and weak drivers of ROE's performance and hence, Papoutsanis' efficiency in using its shareholder equity to generate profit.

DuPont Analysis	Historical 2016	2017	2018	2019	2020	2021E	Projected 2022F	2023F	2024F	2025F	2026F
Tax Burden (%)	-42.06	78.06	104.05	72.62	73.39	78.30	78.30	78.30	78.30	78.30	78.30
Interest Burden (%)	18.07	48.37	62.84	75.63	90.35	92.11	93.88	94.95	95.79	95.97	95.69
Operating Margin (%)	3.67	5.36	6.97	8.00	14.11	13.79	15.17	15.24	15.51	15.78	16.05
Net Profit Margin (%)	-0.28	2.02	4.56	4.39	9.36	9.94	11.15	11.33	11.63	11.86	12.02
Asset Turnover (x)	0.51	0.58	0.62	0.78	0.80	0.91	0.99	1.05	1.05	1.03	1.00
Equity Multiplier (x)	1.99	2.02	2.14	2.05	2.37	2.39	2.29	2.15	2.06	2.01	1.94
ROE (%)	**-0.29**	**2.35**	**6.02**	**7.00**	**17.65**	**21.49**	**25.18**	**25.53**	**25.28**	**24.50**	**23.35**

Appendix 4.4

Beneish M-Score Analysis

The Beneish's M-score analysis, created in 1999 by Dr. Messod Beneish, is a mathematical model that uses financial ratios and eight variables to uncover financial fraud and especially, earnings manipulation. Specifically, the essence of the formula is that deteriorating gross margins, rising operating expenses and leverage, along with significant sales growth lead to an M-score greater than -1.78, which indicates that the company is likely to be a manipulator of earnings, whereas, an M-score lower than -1.78 indicates otherwise. Papoutsanis' M-Score is maintained below -1.78 for the entire examined period detecting a low possibility of earnings manipulation.

M-Score Indices	Historical					Projected				
	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F
Day Sales in Receivables Index (DSRI)	0.78	0.82	0.79	1.07	0.99	1.01	1.00	1.00	1.00	1.00
Gross Margin Index (GMI)	0.98	1.01	0.96	0.90	0.94	0.97	1.00	0.99	0.99	0.99
Asset Quality Index (AQI)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sales Growth Index (SGI)	1.15	1.17	1.27	1.33	1.34	1.21	1.16	1.12	1.10	1.08
Depreciation Index (DEPI)	1.12	1.07	0.88	0.85	1.03	1.04	1.03	1.02	1.01	1.01
Selling, General, & Admin. Expenses Index (SGAI)	0.95	0.91	1.00	0.86	1.13	0.98	1.00	1.00	1.00	1.00
Leverage Index (LVGI)	1.01	0.97	0.85	1.18	0.98	0.87	0.87	0.96	1.04	1.01
Total Accruals to Total Assets (TATA)	-0.06	-0.06	-0.06	-0.03	-0.05	-0.05	-0.04	-0.03	-0.04	-0.03
Beneish M-Score	-2.80	-2.76	-2.71	-2.36	-2.49	-2.49	-2.50	-2.52	-2.57	-2.58

The formula for the 8 variable model is: **M-Score = -4.84 + 0.920*DSRI + 0.528*GMI + 0.404*AQI + 0.892*SGI + 0.115*DEPI - 0.172*SGAI + 4.679*TATA - 0.327*LVGI**

Appendix 4.5

Altman Z-Score Analysis

The Altman Z-Score Analysis is used to verify the Company's financial health and the probability of filing for bankruptcy. Specifically, if the Z-Score is below 1.81, a firm has a high probability of becoming insolvent, while a score of 2.99 or above indicates a financially sound firm that is far from filing for bankruptcy. Given this Altman Z-Score Analysis, Papoutsanis' average score is 2.73, which places it in the "Grey Area", indicating a stable financial state, while notably for the FY2023-FY2026 it scores well above 2.99.

Z-Score Indices		Historical						Projected				
		2016	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F
X1	Working Capital / Total Assets	0.05	0.11	0.07	0.06	0.09	0.07	0.07	0.06	0.07	0.08	0.09
X2	Retained Earnings / Total Assets	-0.91	-0.87	-0.33	-0.30	0.07	0.12	0.17	0.22	0.26	0.30	0.34
X3	EBIT / Total Assets	0.02	0.03	0.04	0.06	0.11	0.12	0.15	0.16	0.16	0.16	0.16
X4	MV of Equity / Total Liabilities	4.42	3.68	2.99	2.43	1.92	1.70	1.95	1.88	1.75	1.59	1.48
X5	Revenue / Total Assets	0.51	0.58	0.62	0.78	0.80	0.91	0.99	1.06	1.06	1.03	1.00
Altman Z-Score		2.02	1.81	2.17	2.10	2.52	2.59	2.98	3.10	3.10	3.05	3.01

The formula is: Z-Score= 1.2*X1 + 1.4*X2 + 3.3*X3 + 0.6*X4 + 1.0*X5

Appendix 4.6

Piotroski F-Score Analysis

The F-Score, developed in 2000 by Joseph Piotroski, is an accounting-based fundamental analysis that aims to mark potential buy and sell stocks. The F-Score uses nine key ratios of three main categories: profitability, operating efficiency and leverage/liquidity/source of funds and examines if these ratios have improved YoY. The F-Score of a particular ratio is 1, if the ratio is improved, otherwise it is 0, which suggests that the higher a Company's F-Score is, the better its fundamentals are, indicating a buy signal for this stock.

F-Score Indices	Historical					Projected				
	2017	2018	2019	2020	2021E	2022F	2023F	2024F	2025F	2026F
Profitability										
ROA	1	1	1	1	1	1	1	1	1	1
CFO	1	1	1	1	1	1	1	1	1	1
ΔROA	1	1	1	1	1	1	1	1	1	0
ACCRUAL	1	1	1	1	1	1	1	1	1	1
Leverage, Liquidity, Source of Funds										
ΔLEVER	0	1	1	0	1	1	1	1	0	1
ΔLIQUID	1	0	0	1	0	1	0	1	1	1
EQ_OFFER	1	1	1	1	0	1	1	1	1	1
Operating Efficiency										
ΔMARGIN	1	0	1	1	1	1	0	1	1	1
ΔTURN	1	1	1	1	1	1	1	1	0	0
Total Score	8	7	8	8	7	9	7	9	7	7

Sources: Company Data, Team Analysis

Appendix 5: Valuation

Appendix 5.1

Weighted Average Cost of Capital (WACC)

WACC								
	2021	2022	2023	2024	2025	2026	2027	2028
Risk-free Rate (greek 10Y)	1.32%	1.86%	1.86%	1.86%	1.86%	1.86%	1.86%	1.86%
Beta (2Y-weekly)	0.572	0.554	0.55	0.555	0.567	0.577	0.581	0.584
Equity Risk Premium (Greece)	11.08%	11.08%	11.08%	11.08%	11.08%	11.08%	11.08%	11.08%
Cost of Equity	**7.66%**	**7.99%**	**7.95%**	**8.01%**	**8.15%**	**8.26%**	**8.30%**	**8.33%**
Effective Interest Rate	3.32%	3.32%	3.32%	3.32%	3.32%	3.32%	3.32%	3.32%
Tax Rate	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%
Cost of Debt (after-tax)	**2.59%**	**2.59%**	**2.59%**	**2.59%**	**2.59%**	**2.59%**	**2.59%**	**2.59%**
E/(D+P+E)	81.00%	84.00%	85.00%	84.00%	81.00%	80.00%	79.00%	79.00%
D/(D+P+E)	19.00%	16.00%	15.00%	16.00%	19.00%	20.00%	21.00%	21.00%
WACC	**6.68%**	**7.13%**	**7.13%**	**7.13%**	**7.12%**	**7.11%**	**7.11%**	**7.10%**

Sources: Company Data, Team Analysis

Appendix 5.2 Discounted Cash Flow Model

Discounted Cash Flow Analysis	2021E	2022F	2023F	2024F	2025F	2026F	2027F	2028F
EBIT	6,958,860	9,460,427	11,160,565	12,836,605	14,380,796	15,720,532	16,497,445	17,064,065
Less: Taxes	1,510,036	2,052,863	2,421,784	2,785,476	3,120,557	3,411,273	3,579,859	3,702,812
Plus: D&A	2,212,589	2,314,322	2,477,405	2,675,019	2,935,980	3,215,739	3,371,411	3,487,206
Less: CapEx	8,469,401	5,937,443	6,878,885	7,720,651	8,481,021	9,138,955	9,659,467	9,991,230
Less: Changes in	1,066,359	41,045	-283,500	517,861	394,005	342,436	405,352	419,274
Unlevered FCFF	***-1,874,348***	***3,743,398***	***4,620,801***	***4,487,637***	***5,321,194***	***6,043,607***	***6,224,179***	***6,437,954***
DCF Values	-1,874,347.80 €	3,494,340.30 €	4,026,158.90 €	3,650,293.80 €	4,041,915.00 €	4,287,198.20 €	4,122,900.10 €	3,982,234.90 €
Cumulative DCF	-1,874,347.80 €	1,619,992.50 €	5,646,151.40 €	9,296,445.20 €	13,338,360.20 €	17,625,558.40 €	21,748,458.50 €	25,730,693.40 €

Sensitivity analysis

Implied EV using Perpetuity Growth Method

		WACC						
		5.30%	5.90%	6.50%	7.10%	7.70%	8.30%	8.90%
Long term growth	0.86%	4.35	3.77	3.31	2.95	2.65	2.41	2.20
	1.06%	4.55	3.92	3.43	3.04	2.73	2.47	2.25
	1.26%	4.76	4.08	3.55	3.14	2.81	2.53	2.30
	1.46%	5.00	4.25	3.68	**3.24**	2.89	2.60	2.36
	1.66%	5.26	4.44	3.83	3.35	2.98	2.67	2.42
	1.86%	5.56	4.65	3.98	3.47	3.07	2.75	2.48
	2.06%	5.89	4.88	4.15	3.60	3.17	2.83	2.55

DCF Valuation	2021
Terminal Growth Rate	1.46%
PV of Terminal Value	71,560,986
PV of Cash Flows	25,730,693
12mo Target Price	**3.24 €**

Source: Team Analysis

Appendix 5.3 Comparable Companies Analysis

12mo. forward

Company	EV/Revenue	EV/EBITDA	P/E	P/B
Peers Group				
PROCTER & GAMBLE CO	4.91x	17.77x	25.74x	7.76x
UNILEVER PLC	2.33x	11.11x	17.75x	7.79x
BEIERSDORF AG	2.22x	13.31x	27.84x	2.68x
L'OREAL SA	5.65x	22.46x	36.88x	7.32x
GR SARANTIS SA	1.18x	8.79x	13.86x	1.68x
CREIGHTONS PLC	1.23x	12.00x	17.53x	2.05x
GLOBAL COSMED SA	1.16x	9.44x	15.55x	1.43x
AROMA AD	0.69x	4.50x	17.80x	0.70x
PZ CUSSONS PLC	1.17x	8.43x	14.50x	1.90x
LAVENA AD	1.77x	10.10x	18.22x	1.33x
BRAND ARCHITEKTS GROUP PLC	1.94x	-	-	0.84x
Target Company				
Papoutsanis S.A.	1.25x	6.78x	9.92x	2.50x
Quartile 1	1.11x	8.04x	14.44x	0.84x
Median	**1.50x**	**10.61x**	**17.78x**	**1.90x**
Quartile 3	2.15x	12.98x	23.86x	5.00x
Implied Prices				
Percentile 10	2.39	3.29	4.88	0.92
Adjusted Median	**3.34**	**4.45**	**4.88**	**2.07**
Percentile 75	4.94	5.53	6.54	5.45
Weightings	25.00%	25.00%	25.00%	25.00%
Share Price				
Percentile 10		**2.87 €**		
Adjusted Median		**3.69 €**		
Percentile 75		**5.62 €**		

Trailing 12mo.

Company	Market Cap (€mn)	ROE	Net Margin
PROCTER & GAMBLE CO	429,049.78	31.26%	18.54%
UNILEVER PLC	80,679.04	33.18%	11.67%
BEIERSDORF AG	22,370.00	10.55%	9.26%
L'OREAL SA	205,280.00	14.00%	13.65%
GR SARANTIS SA	607.24	16.22%	10.69%
CREIGHTONS PLC	47.54	18.06%	6.59%
GLOBAL COSMED SA	1,457.31	10.23%	6.02%
AROMA AD	47.25	3.19%	3.22%
PZ CUSSONS PLC	679.87	9.24%	5.80%
LAVENA AD	73.69	7.64%	9.77%
BRAND ARCHITEKTS GROUP PLC	16.10	-	-
Papoutsanis S.A.	73.45	21.49%	9.94%

Papoutsanis Key Metrics	2022F
EV/Revenue	1.24x
EV/EBITDA	6.78x
P/E	9.92x
P/B	2.50x
P/S	1.10x
PEG	0.51x
Dividend Yield	4.76%
Payout Ratio	45.00%

Sources: Refinitiv Data, Team Analysis

Appendix 5.4 Dividend Discount Model

2-stage DDM	Decelerated Growth Phase							Stable
[EUR €]	2022F	2023F	2024F	2025F	2026F	2027F	2028F	Perpetuity
Shares Outstanding	26,948,830	26,930,159	26,930,159	26,930,159	26,930,159	26,930,159	26,930,159	26,930,159
Cost of Equity	7.99%	7.95%	8.01%	8.15%	8.26%	8.30%	8.33%	8.33%
EPS	0.27	0.32	0.37	0.42	0.46	0.48	0.50	7.32
y-o-y growth	35.95%	18.05%	15.02%	12.03%	9.32%	4.94%	3.43%	-
DPS	0.12	0.15	0.17	0.19	0.21	0.22	0.22	3.29
PV of DPS	0.11	0.13	0.13	0.14	0.14	0.13	0.13	1.88

Sensitivity Analysis-Perpetuity Growth

		Cost of Equity						
		6.53%	7.13%	7.73%	8.33%	8.93%	9.53%	10.13%
Long term growth	0.86%	3.46	3.13	2.86	2.63	2.44	2.28	2.15
	1.06%	3.56	3.20	2.92	2.68	2.49	2.32	2.18
	1.26%	3.66	3.29	2.98	2.74	2.53	2.36	2.21
	1.46%	3.78	3.38	3.05	**2.79**	2.58	2.39	2.24
	1.66%	3.90	3.47	3.13	2.85	2.63	2.43	2.27
	1.86%	4.04	3.57	3.21	2.92	2.68	2.48	2.31
	2.06%	4.18	3.68	3.30	2.99	2.73	2.52	2.35

DDM Valuation	2021
Long-Term Growth	1.46%
PV of Cash Flows	0.91
PV of Terminal Value	1.881
12mo Target Price	**2.79 €**

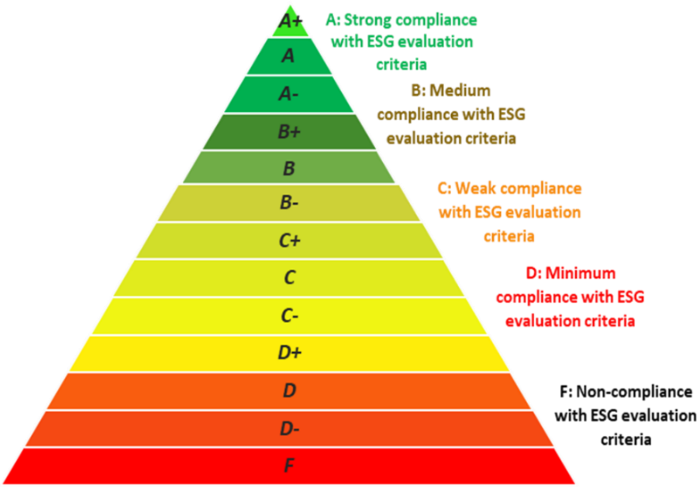
Sensitivity Analysis-Payout Ratio

	Payout Ratio										
	35.00%	37.00%	39.00%	41.00%	43.00%	45.00%	47.00%	49.00%	51.00%	53.00%	55.00%
Share price	2.17	2.29	2.42	2.54	2.67	**2.79**	2.91	3.04	3.16	3.29	3.41

Source: Team Analysis

Appendix 6: Environmental, Social, Governance (ESG)

Appendix 6.1 ESG Evaluation Scoring Scale



Source: Team Analysis

Appendix 6.2 Environmental Evaluation

ENVIRONMENTAL PILARS (28.7%)

RESOURCE USE (13.1%)	EMISSIONS (13.1%)	INNOVATION (2.6%)
Resource Reduction Policy	Policy Emissions	Environmental Products
Policy Water Efficiency	Targets Emissions	Eco-Design Products
Policy Energy Efficiency	Biodiversity Impact Reduction	Noise Reduction
Policy Sustainable Packaging	Emissions Trading	Hybrid Vehicles
Policy Environmental Supply Chain	Cl. Change Commercial Risks Opportunities	Environmental Assets Under Mgt.
Resource Reduction Targets	NOx and Sox Emissions Reduction	Equator Principles
Targets Water Efficiency	VOC Emissions Reduction	Environmental Project Financing
Targets Energy Efficiency	Particulate Matter Emissions Reduction	Labeled Wood
Environment Management Team	Waste Reduction Initiatives	Organic Products Initiatives
Environmental Management Training	e-Waste Reduction	Product Impact Minimization
Environmental Materials Sourcing	Environmental Restoration Initiatives	Take-back and Recycling Initiatives
Toxic Chemicals Reduction	Staff Transportation Impact Reduction	Product Environmental Responsible Use
Renewable Energy Use	Environmental Expenditures Investments	GMO Products
Green Buildings	Environmental Investments Initiatives	Agrochemical 5 % Revenue
Environmental Supply Chain Management	Environmental Partnerships	Animal Testing
Environmental Supply Chain Monitoring	Internal Carbon Pricing	Animal Testing Reduction
End Supply Chain Partnership Termination	Policy Nuclear Safety	Renewable/Clean Energy Products
Land Environmental Impact Reduction		Water Technologies
		Sustainable Building Products
		Fossil Fuel Divestment Policy

Source: Team Analysis

Appendix 6.3 Social Evaluation

SOCIAL PILARS (41.5%)			
WORKFORCE (10.9%)	HUMAN RIGHTS (12.2%)	COMMUNITY (8.7%)	PRODUCT RESPONSIBILITY (13.4%)
Health & Safety Policy	Human Rights Policy	Policy Fair Competition	Policy Customer H & S
Policy Employee Health & Safety	Policy Freedom of Association	Policy Bribery and Corruption	Policy Data Privacy
Policy SC Health & Safety	Policy Child Labor	Policy Business Ethics	Policy Cyber Security
Training and Development Policy	Policy Forced Labor	Policy Community Involvement	Policy Responsible Mkt.
Policy Skills Training	Policy Human Rights	Improvement Tools Business Ethics	Policy Fair Trade
Policy Career Development	Fundamental Human Rights	Whistleblower Protection	Product Responsibility Monitoring
Policy Diversity and Opportunity	Human Rights Contractor	OECD Guidelines for Multinational Enterprises	Quality Mgt. Systems
Targets Diversity and Opportunity	Ethical Trading Initiative ETI	Extractive Industries Transparency Initiative	ISO 9000
Employees Health & Safety Team	Human Rights Breaches Contractor	Employee Engagement	6σ and Quality Mgt Systems
Health & Safety Training		Corporate Responsibility Awards	Product Access Low Price
SC Health & Safety Training		Product Sales at Discount to Emerging Markets	Healthy Food or Products
SC Health & Safety Improvements		Diseases of the Developing World	Embryonic Stem Cell Res.
Employees Health & Safety		Crisis Management Systems	Retailing Responsibility
Flexible Working Hours			Alcohol
Day Care Services			Gambling
HIV-AIDS Program			Tobacco
Internal Promotion			Alcohol Retailing
Management Training			Tobacco Retailing
Supplier ESG training			Obesity Risk
Employee Resource Groups			Animal Well-being

Source: Team Analysis

Appendix 6.4 Governance Evaluation

GOVERNANCE PILARS (28.7%)			
MANAGEMENT (17.4%)		SHAREHOLDERS (5.2%)	CSR (3.5%)
Board Functions Policy	Succession Plan	Shareholder Rights Policy	CSR Sustainability Committee
Corporate Governance Board Committee	External Consultants	Policy Equal Voting Right	Global Compact Signatory
Nomination Board Committee	Audit Committee Mgt Independence	Policy Shareholder Engagement	Stakeholder Engagement
Audit Board Committee	Audit Committee Expertise	Different Voting Right Share	CSR Sustainability Reporting
Compensation Board Committee	Compensation Committee	Equal Shareholder Rights	GRI Report Guidelines
Board Structure Policy	Mgt Independence	Voting Cap	CSR Sustainability Report Global Activ.
Policy Board Size	Nomination Committee Mgt Independence	Minimum Number of Shares to Vote	CSR Sustainability External Audit
Policy Board Independence	Board Attendance	Director Election Majority Requirement	UNPRI Signatory
Policy Board Diversity	Board Background and Skills	Shareholders Vote on Executive Pay	UN Sustainable Development Goals
Policy Board Experience	CEO-Chairman Separation	Public Availability Corporate Statutes	
Policy Executive Compensation Perf.	CEO Board Member	Veto Power or Golden share	
Policy Executive Compensation ESG Perf.	Chairman is ex-CEO	State Owned Enterprise SOE	
Policy Executive Retention	Board Individual Re-election	Unltd. Authorized Capital or Blank Check	
Compensation Improvement Tools	Executive Compensation Policy	Classified Board Structure	
Internal Audit Department Reporting	Executive Individual Compensation	Staggered Board Structure	
	Executive Compensation LT Objectives	Supermajority Vote Requirement	
		Golden Parachute	
		Ltd. Shareholder Rights to Call Meetings	
		Pre-emptive Rights	
		Company Cross Shareholding	
		Confidential Voting Policy	

Source: Team Analysis

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