

EQUITY RESEARCH

MISITANO & STRACUZZI S.P.A

INITIATION OF COVERAGE

BUY

TP 4.70€

Up/Downside: 93%

Sicilian Citrus, Global Potential

Backed by favourable market trends and tangible industrial development, the Italian group Misitano & Stracuzzi (M&S) has positioned itself as an essential player in the flavour and fragrance industry. We believe the market still undervalues this asset compared to its European peers, despite the accelerating demand for natural ingredients.

An Indispensable Partner in the Flavour and Fragrance Industry

Misitano & Stracuzzi's essential oils play a central role in the flavour and fragrance sector. Used in very small quantities (around 1%), they provide a distinctive signature to food, cosmetic, and pharmaceutical products. Leveraging unique technical expertise, M&S captures and precisely preserves the authentic citrus aromas, meeting the most demanding client expectations. As a key player in the industry, M&S is the undisputed leader in the niche market of Italian citrus.

M&S: A Standout in a Supply-Short Market

Despite raw materials being sensitive to climate and disease risks, M&S benefits from strong market dynamics. While the average price per kg of oranges rose to €2.03 in 2023 (+63% YoY), M&S stabilised its COGS at 59.4% of revenue (+190 bps) and increased its revenue by +23.4%. This growth is supported by a volume-price mix driven by product quality and evolving consumer preferences (1 in 2 consumers considers citrus their favourite flavour). Additionally, the natural aspect of M&S's ingredients resonates with a market that associates it with safety and health benefits.

A Clear Roadmap for Growth

Aware of accelerating demand, M&S is taking decisive steps: new production sites, in-house procurement management, and an experienced strategic board. The company is committed to strengthening its international presence while maximising its industry indispensability, focusing on short time-to-market and tailor-made products to meet its ambitious growth targets.

A Resilient and Opportunistic Player

M&S meets all the criteria of a high-potential asset: (1) rising consumer demand for natural products, (2) strong technical expertise, and (3) operational resilience in a supply-constrained market. The stock trades at **7.5x EV/EBITDA 2025e**, representing a **51% discount vs. Robertet**.

We initiate coverage with a **Buy rating** and a price target of **€ 4.7**.

TP ICAP Midcap Estimates	12/24	12/25e	12/26e	12/27e	Valuation Ratio	12/25e	12/26e	12/27e
Sales (m €)	72.8	85.6	94.1	101.6	EV/Sales	1.2	1.1	0.9
Current Op Inc (m €)	13.9	11.7	13.3	15.7	EV/EBITDA	7.4	5.9	4.7
Current op. Margin (%)	19.1	13.7	14.1	15.4	EV/EBIT	9.0	7.5	5.9
EPS (€)	0.30	0.23	0.27	0.33	PE	10.4	8.9	7.3
DPS (€)	0.17	0.09	0.11	0.13	Source: TPICAP Midcap			
Yield (%)	7.0	3.9	4.5	5.4				
FCF (m €)	-19.6	-6.4	10.8	13.6				

Key data

Price (€)	2.4
Industry	Beverages
Ticker	MS-IT
Shares Out (m)	30.060
Market Cap (m €)	73.0

Source: FactSet

Ownership (%)

Stracuzzi holding	78.2
Invitalia S.p.A.	7.1
Free float	14.8

Source: TPICAP Midcap estimates

EPS (€)	12/25e	12/26e	12/27e
Estimates	0.23	0.27	0.33
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-2.8	-27.9	-32.1
Rel FTSE Italy	2.6	-15.8	-30.0



Source: FactSet

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Description

Misitano & Stracuzzi specialises in developing, manufacturing, and selling essences, which account for approximately 90% of its revenue, along with a smaller share of juice production. Headquartered in Sicily, the company operates on a global scale, with over 90% of its sales generated abroad in 2023. Backed by more than a century of expertise and strong R&D capabilities, it excels in creating highly customised products and has established itself as a leading player in the niche market of citrus fragrances and essential oils worldwide.

SWOT Analysis

Strengths

- Italian leader on the niche of citrus essential oils with sales distribution in over 40 countries
- Over 100 years of expertise allowing quick understanding of market dynamics, customer needs and capacity to standardize product quality over time
- Highly specialized R&D enabling customized product manufacturing and a circular production process respecting environmental standards
- Diverse supplier base (top 10 representing 50% of COGS) and long-standing loyal partnerships with major international clients

Weaknesses

- Relatively small company size compared to its competitor peers
- Indirect exposure to citrus diseases impacting raw material prices

Opportunities

- Market trends oriented towards considering natural products as healthier and beneficial for health
- Regulation of components and client demand favoring natural ingredient-based products
- Significant growth potential in the sodas segment with only 2% containing natural flavours
- New production sites: productivity improvements with an increase in production, cost reductions (process automation, efficient logistics) and more R&D trials

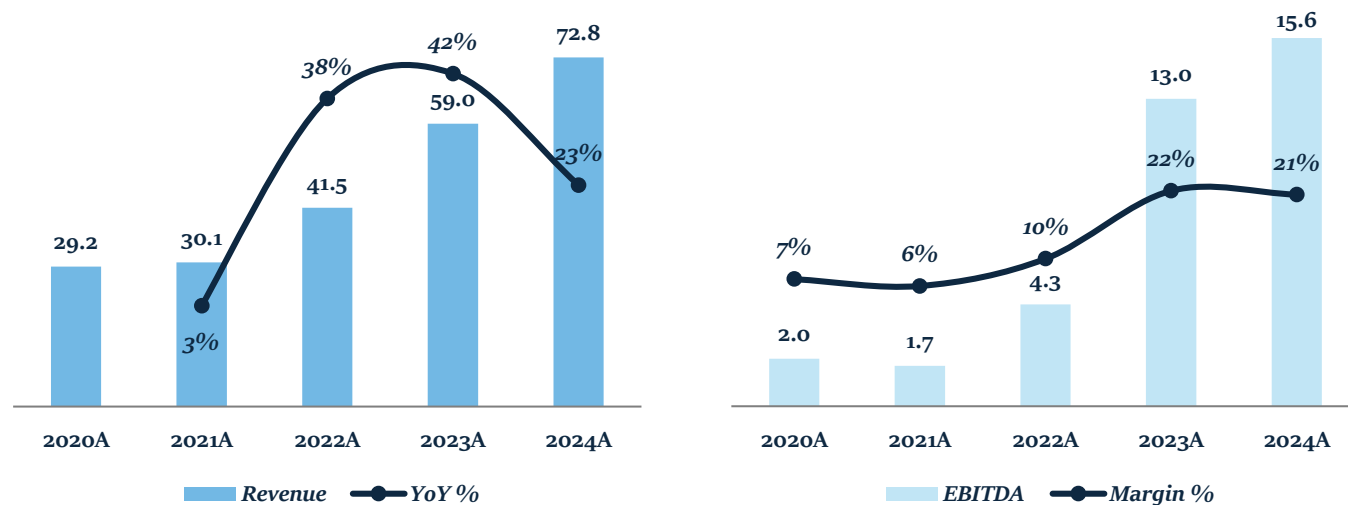
Threats

- High exposure to international markets with uncertain geopolitical context and exchange rate volatility
- Significant inflation of raw materials
- Diseases affecting fruits in different parts of the world complicating anticipation and ordering in diverse geographic areas
- Consumer preferences (cyclical nature of preferred flavors) can change over time

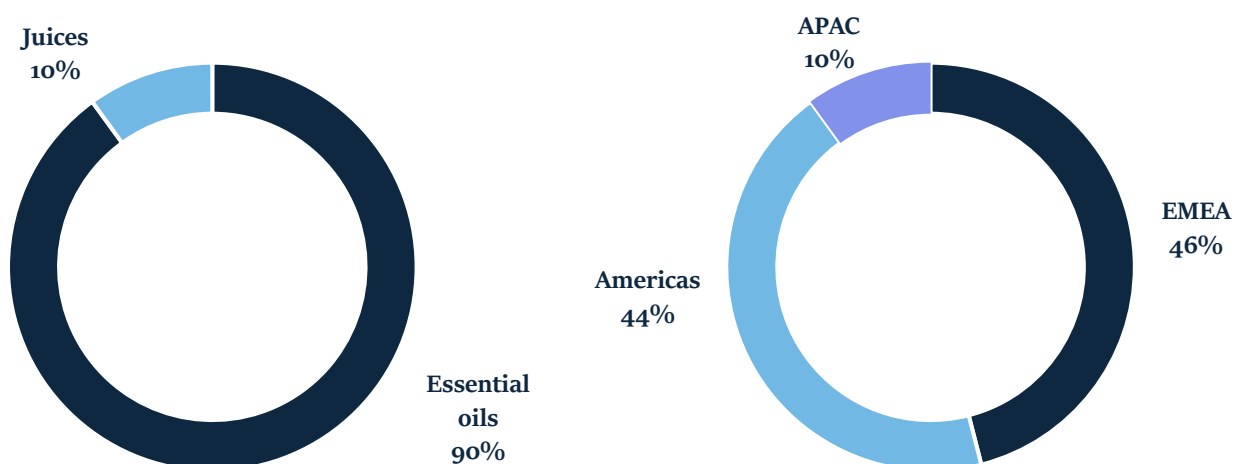


Overview

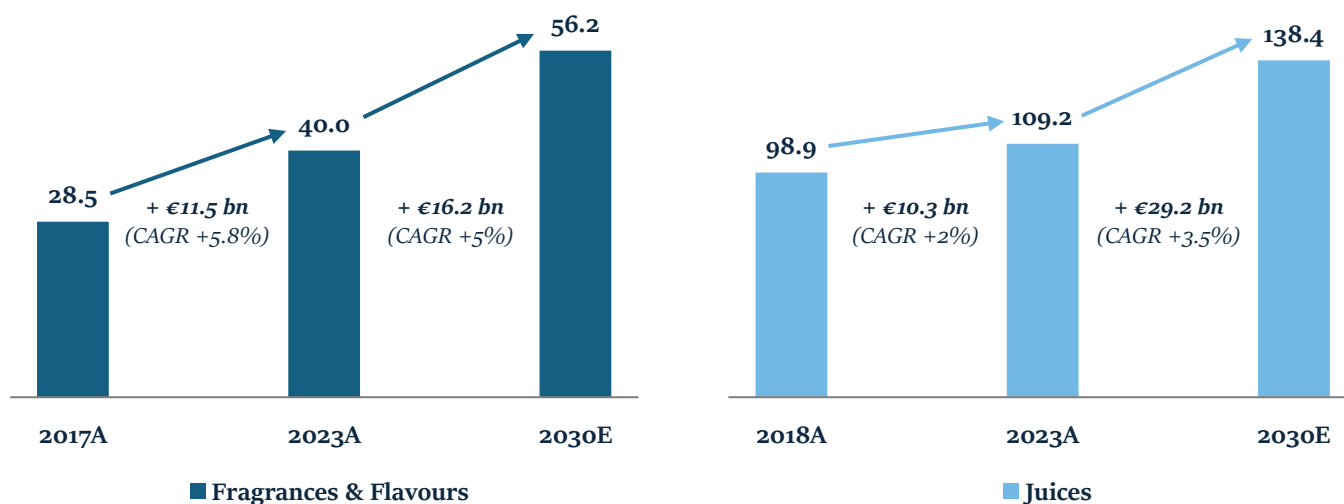
Sales & EBITDA trend (2020-2024, €m)



Breakdown of sales by business and geographic area (2024)



Global market of fragrances, flavours and juices (2017-2030, bn€) et jus (2018-2027, bn€)



Misitano & Stracuzzi: The Essence of Citrus in Every Drop

Misitano & Stracuzzi (M&S) is a B2B supplier of flavours and essential oils with a global presence. Founded in 1922, the company originated from the partnership between the Misitano and Stracuzzi families. Now fully owned by the Stracuzzi family, the company is headquartered in Furci Siculo (Messina, Italy) and specialises in the citrus market, a traditional industry deeply rooted in Sicilian history. The group develops, manufactures, and markets natural citrus by-products, primarily serving the food industry. With expertise spanning four generations, M&S has positioned itself as one of the leading producers in the niche market of citrus flavours and essential oils worldwide. M&S's core strength lies in its ability to add value to raw materials by transforming them into tailor-made products. A century of expertise, combined with cutting-edge technology, enables the company to offer highly customised flavours while ensuring standardised aromas that meet strict quality standards over time. M&S maintains long-standing, trusted relationships (over 25 years with its three key partners) with major international players, primarily in the flavour and ingredients sector. Customer loyalty is built on M&S's commitment to reliable delivery and product safety.

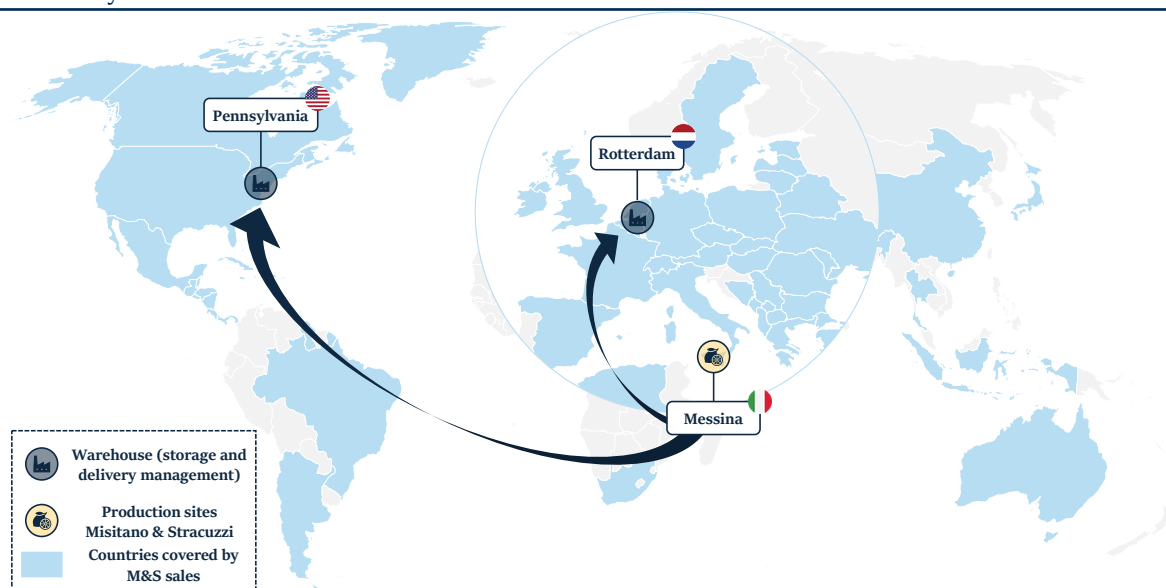
Position in the value chain



Source: M&S

M&S employs 60 people, primarily across its two production sites in the province of Messina, Italy: Santa Teresa di Riva (flavours and essential oils) and Furci Siculo (juices and extraction). The company benefits from a strong international presence, with c.90% of its 2024 revenue generated abroad, through commercial relationships in over 40 countries. To better serve its global clientele, M&S has established three distribution logistics centres in Italy, the United States, and the Netherlands. In 2023, the group announced an investment in two new factories in the province of Messina. Spanning a total area of approximately 30,000 m², these new sites will enhance logistics, increase production capacity, and improve efficiency to meet the growing demand for its products.

Countries covered by M&S

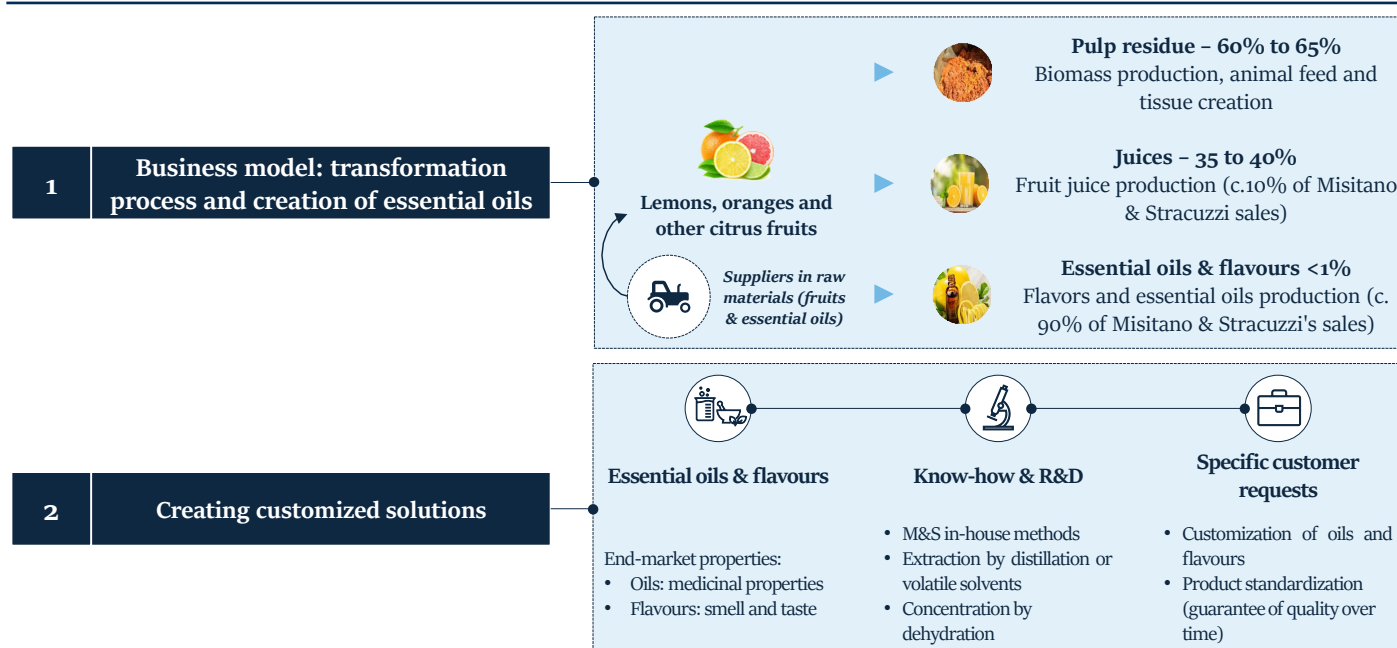


Source: M&S

A Core Business in Flavouring

M&S's primary activity is the production of essential oils, with juice production playing a secondary role. Thanks to a century-old expertise and a high-performing R&D department, the group can create tailor-made products that meet the specific needs of manufacturers. Flavour and essential oil compositions consist of naturally derived components (plant- or animal-based) as well as synthetic sources developed in laboratories. These products have a wide range of applications across multiple industries, including personal care, pharmaceuticals, food, and beverages. M&S exclusively develops essential oils from citrus fruits, meaning its products are 100% naturally sourced. These oils are supplied to companies that create flavour and fragrance compositions, which are then integrated into final products across the food, perfumery, cosmetics, and pharmaceutical industries. Although flavours make up only a minimal fraction of the final product (typically less than 1%), they are critical in defining taste and aroma, two essential characteristics for consumer appeal. Essential oils, on the other hand, consist of one or more aromatic compounds, and their molecular composition can have medicinal benefits—a key purchase driver for consumers (see annexes). This gives M&S a pricing power advantage: manufacturers are unlikely to compromise on flavouring costs, as even minor cost savings do not justify the risks of production disruptions or brand reputation damage.

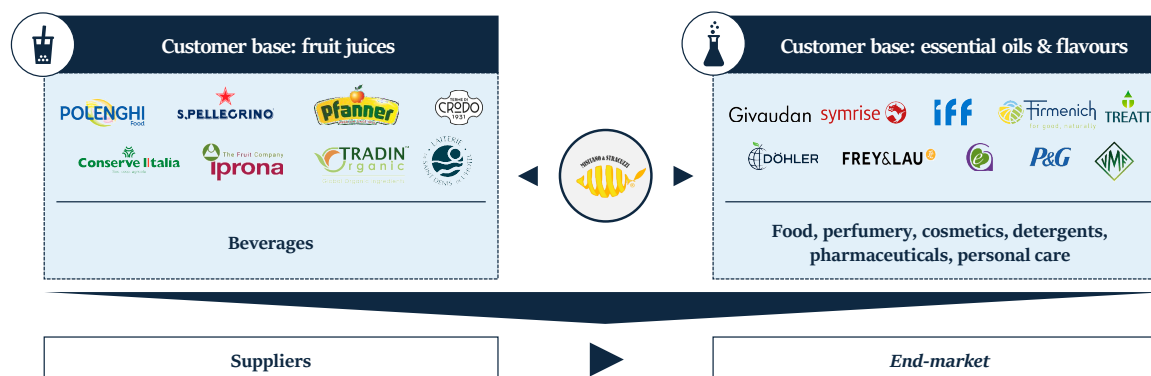
Business model: transformation process and creation of essential oils



Source: M&S

One of the group's competitive advantages lies in its ability to develop products with identical organoleptic properties using a blend of different raw materials. By sourcing fruits less exposed to shortages, M&S mitigates price volatility while providing clients with flavours that would otherwise be unavailable.

Customer base: essential oils & flavors and fruit juices



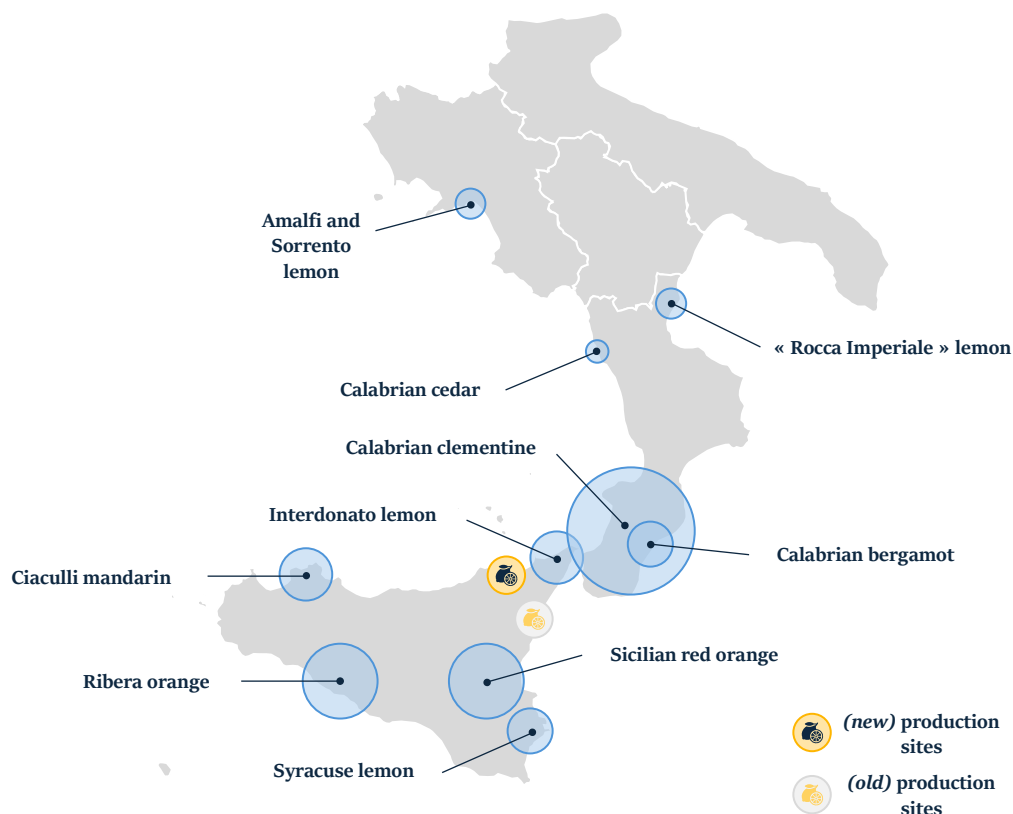
Source: M&S

The production of high-quality citrus-based fruit juices is the company's second core activity. Its century-long experience and the excellence of local products explain why clients continue to partner with M&S.

The group controls nearly the entire value chain, from the sourcing of raw materials to the distribution of finished products:

- (i) **100% Sicilian citrus fruits.** The unique geographical and climatic conditions of Sicily, Calabria, and Campania give the region's citrus fruits distinct advantages. They are rich in nutrients (including vitamin C) and have a unique flavour profile (a balanced mix of acidity, sweetness, and a highly aromatic character). These two factors are essential to M&S's differentiation. On one hand, nutrients are a key selling point for personal care products; on the other hand, taste and aroma are decisive factors for food, beverages, and perfumes. Beyond trust and product customisation, these two characteristics are what drive M&S clients to select their solutions.
- (ii) **Traceability and local footprint.** High-quality Italian citrus fruits are carefully selected from local suppliers, mainly lemons, blood oranges, and mandarins. Beyond quality control, proximity to these regional producers enables full traceability of fruits certified under DOC (controlled designation of origin) and IGP (protected geographical indication) labels.
- (iii) **Full control of the value chain.** Downstream from procurement and quality analysis, the juice is extracted, pasteurised, and finally concentrated using high-capacity equipment.
- (iv) **Circular production process.** The residues generated from juice production are fully repurposed. The pulp is used to make juice, while essential oils are extracted from the peel to create flavours. The remaining by-products, known as “pastazzo”, are used for biomass production, incorporated into animal feed, or utilised in textile manufacturing.

Main Sicilian citrus fruits certified DOC and PGI



Source: M&S

M&S holds a key position in the value chain for essential oil, flavour, and juice producers:

- (i) **Sourcing of natural raw materials.** Essential oils are either purchased from suppliers or sourced directly from M&S's production facility in Furci Siculo. Nearly 90% of its solutions are composed exclusively of natural raw materials, with the remaining portion incorporating synthetic components to meet specific client needs. Once collected, the raw materials undergo a quality control process to assess their suitability for processing and transformation.

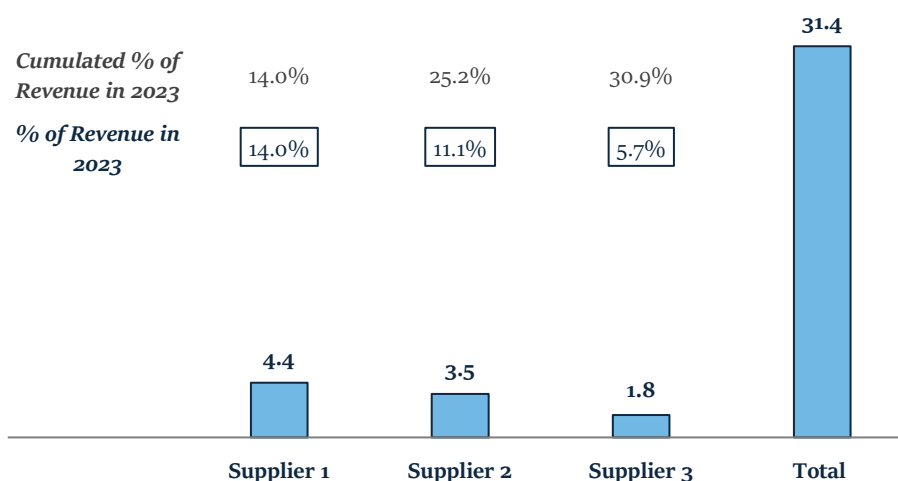


- (ii) **Customised solution formulation.** During the composition phase, M&S analyses the final taste of the essence and the client's quality requirements to select the best combination to meet those expectations. M&S's formulas are strictly confidential and deliberately not patented, making them highly protected and nearly impossible to replicate.
- (iii) **Processing and testing.** Using proprietary techniques developed in-house by its R&D department, M&S transforms essential oils into "customised essences." During processing, essential oils are distilled and blended in steel containers (ranging from 1 to 20 tonnes) using electric pumps. The final flavours are refined through multiple quality checks to closely match target samples. If the result meets initial expectations, a batch compliance certificate is issued.
- (iv) **Packaging and storage.** Once the transformed products have undergone final inspections and been deemed compliant, they are poured into drums or canisters and stored for commercialisation.
- (v) **B2B client distribution.** The final product, correctly preserved, is sold to the client. M&S products are primarily used to flavour food and beverages—particularly carbonated drinks—and, to a lesser extent, in the perfume, healthcare, personal care, and home care industries.

Suppliers and clients: strong partnerships built on long-term relationships

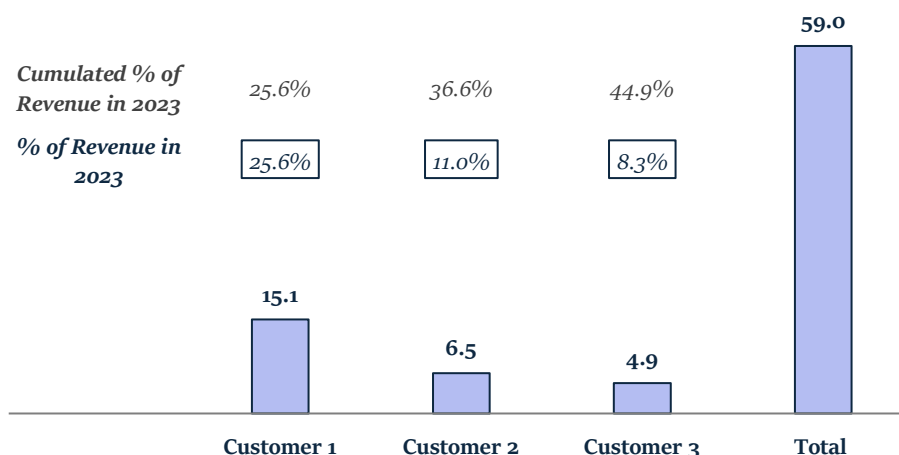
M&S sources citrus essential oils from producers and suppliers across various regions, placing strong emphasis on raw material quality. The management team establishes a specific evaluation process for each supplier, which includes analytical and organoleptic verifications to ensure compliance with the company's transformation quality standards. The company operates flexibly with a diversified supplier base. The top 10 suppliers account for nearly 50% of total purchases. M&S maintains close relationships with a select group of suppliers, with some partnerships extending for over 10 years.

Top 3 suppliers of raw materials (essential oils and citrus fruits, 2023, in m€)

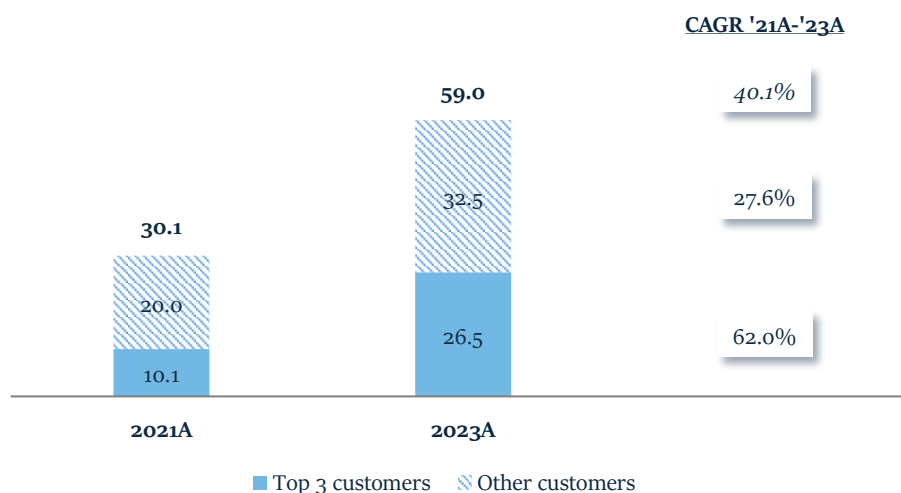


Source: M&S

A strong supplier base, built on long-term partnerships, provides M&S with several advantages: lower acquisition costs, visibility over raw material quantities, and meticulous quality control. Citrus fruits, such as lemons and oranges, are particularly susceptible to shortages caused by diseases and weather conditions. The United States, the world's sixth-largest citrus producer (6.3 million tonnes in 2021, according to the FAO – Food and Agriculture Organization of the United Nations), is among the countries affected by these factors. In Florida, the country's leading citrus producer, output has plummeted by 92% between 2003 and 2023 due to hurricanes, citrus canker (a disease affecting tree bark), and greening (a bacterial infection that turns fruit green). Against this backdrop, a diversified and stable supplier network provides a major competitive edge. M&S can maintain production while being shielded from raw material shortages. The fruit juices produced by M&S are exclusively made from Sicilian citrus, primarily lemons and oranges. Quality and traceability are ensured through a rigorous selection of local producers. Both essential oils and fruit juices are highly durable products. With a shelf life exceeding two years, they offer an additional competitive advantage. This longevity allows M&S to smooth out production costs by adjusting to fluctuations in raw material market prices.

Top 3 customers (essential oils and fruit juices, 2023, in €m)

Source: M&S

M&S supplies its essences to major international flavour and fragrance companies operating in the food, cosmetics, and detergent industries. Its fruit juices are primarily sold to Italian beverage specialists. The company expands its client base through its network and by participating in industry conferences focused on flavouring in consumer products. M&S's top three clients accounted for approximately 45% of its 2023 revenue. Between 2021 and 2023, growth from these key clients significantly outpaced that of the rest of the portfolio, exceeding it by approximately 34 percentage points (CAGR of 62.0% vs. 27.6%). This momentum is set to continue, driven by long-term contracts that secure increasing order volumes over multiple years.

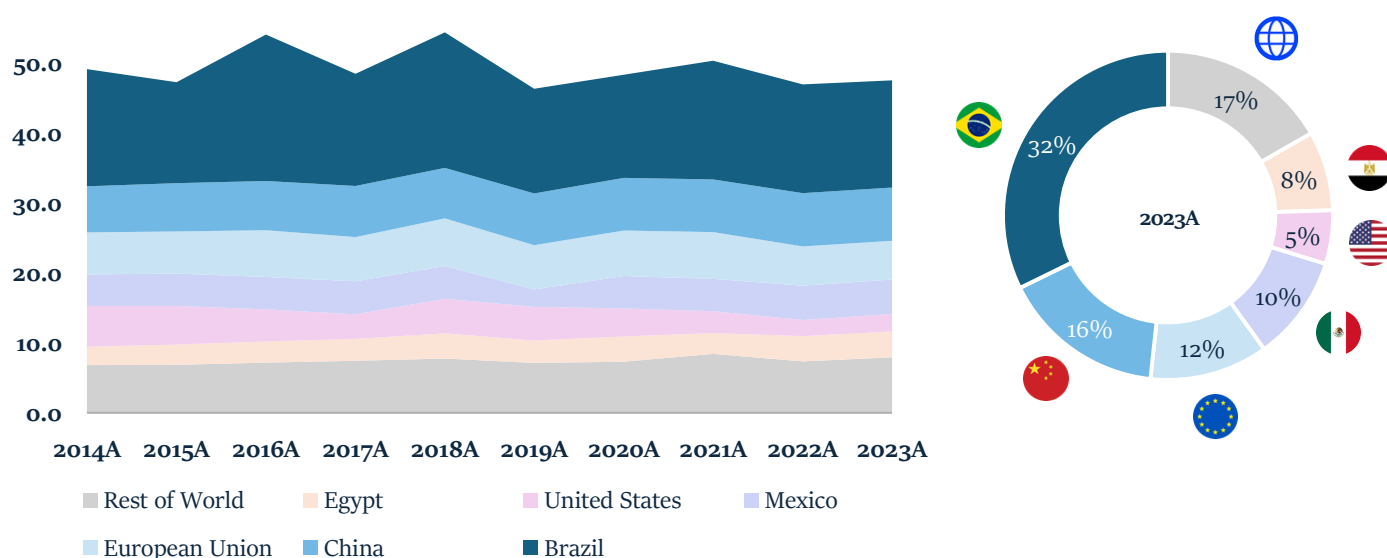
Contribution of top 3 customer growth to total sales (2022-2023, in €m)

Source: M&S

The risk of client concentration is effectively managed, particularly through long-standing relationships and a consistent guarantee of product quality over time. M&S has maintained a 25-year relationship with its three main clients, who together account for nearly the entire market share. M&S also safeguards itself through exclusivity clauses. In the early 2000s, flavour companies consolidated, and major players engaged in numerous mergers and acquisitions. Within industries such as food and cosmetics, flavour customisation is a critical step in product development. M&S's commitments to quality, delivery, safety, regulatory compliance, and sustainability foster long-term partnerships. These factors are essential for large companies, as they too must meet the demands of their end consumers. Finally, the most important advantage lies in M&S's ability to replicate the same flavour required by the client over time, despite the biological constraints of raw materials. The taste and flavour of fruits can vary based on weather conditions, potentially affecting the final essence. M&S's clients are constrained by consumer expectations, which demand the same taste every time. In this regard, M&S's ability to standardise its products sets it apart and solidifies its relationship with both clients and producers of finished food products.

The impact of the raw material market on M&S's operations

Three major categories of fruit stand out from the global citrus market: oranges, mandarins, and lemons, including their derivatives (e.g., blood orange, tangerine, lime, etc.). A recent trend has been observed across all these citrus fruits: a decline in global production in 2022, followed by a recovery in 2023. The primary cause is the proliferation of the psyllid, an insect that carries a bacterium which, once transmitted to citrus fruits, triggers a reaction in the trees leading to their rapid demise (known as greening disease or HLB).

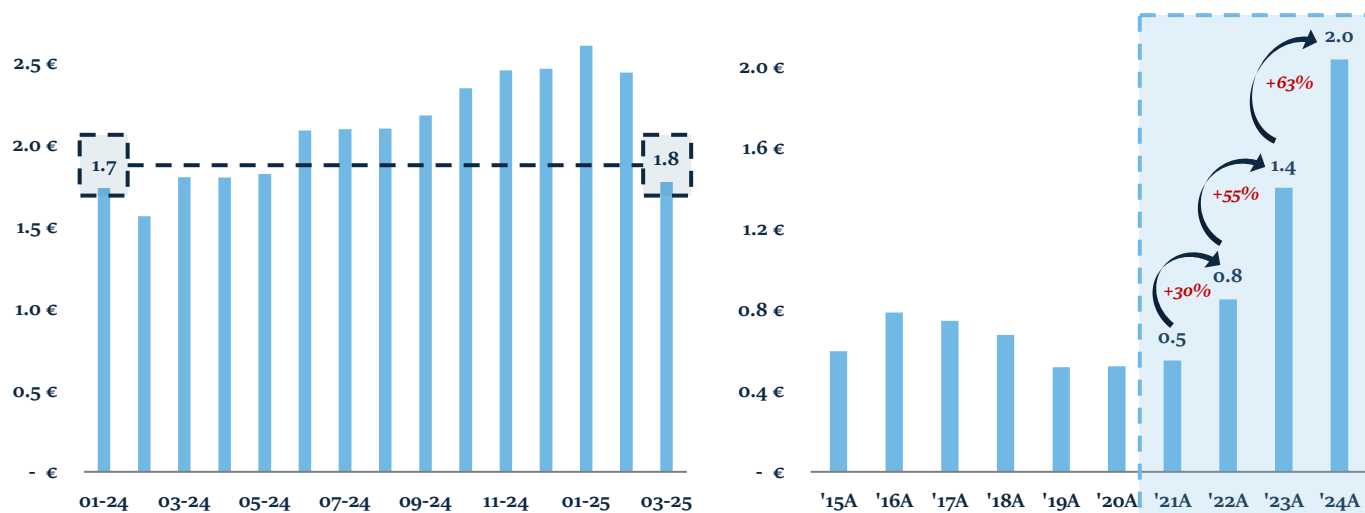
Global orange production by country (2014-2023, in million tonnes)



Source: United States Department of Agriculture (USDA FAS)

The orange market (see annex for mandarins and lemons) is dominated by Brazilian and Chinese producers, accounting for approximately 50% of global production. Brazil was heavily impacted by greening disease in 2021. Chinese production remained relatively stable, reaching 7.5 million tonnes in 2023, with no significant change compared to 2021. On the other hand, Brazilian production experienced a 10% decline, dropping to 15.3 million tonnes in 2023, a decrease of 1.6 million tonnes compared to 2021. This trend is reflected in other countries, such as the United States. In 2014, US production was on par with Europe and China, representing around 12% of the total. However, over the past decade, US production has been halved, reaching just 2.5 million tonnes in 2023, a reduction of 0.6 million tonnes compared to 2021. These losses are primarily due to diseases and climatic events, such as Hurricane Irma in 2017 and Hurricane Ian in 2022. These factors are critical for the entire value chain, creating a cyclicity that is difficult to predict for market participants.

Average orange price per kilogram per year (2015-2025, in € per kilogram)

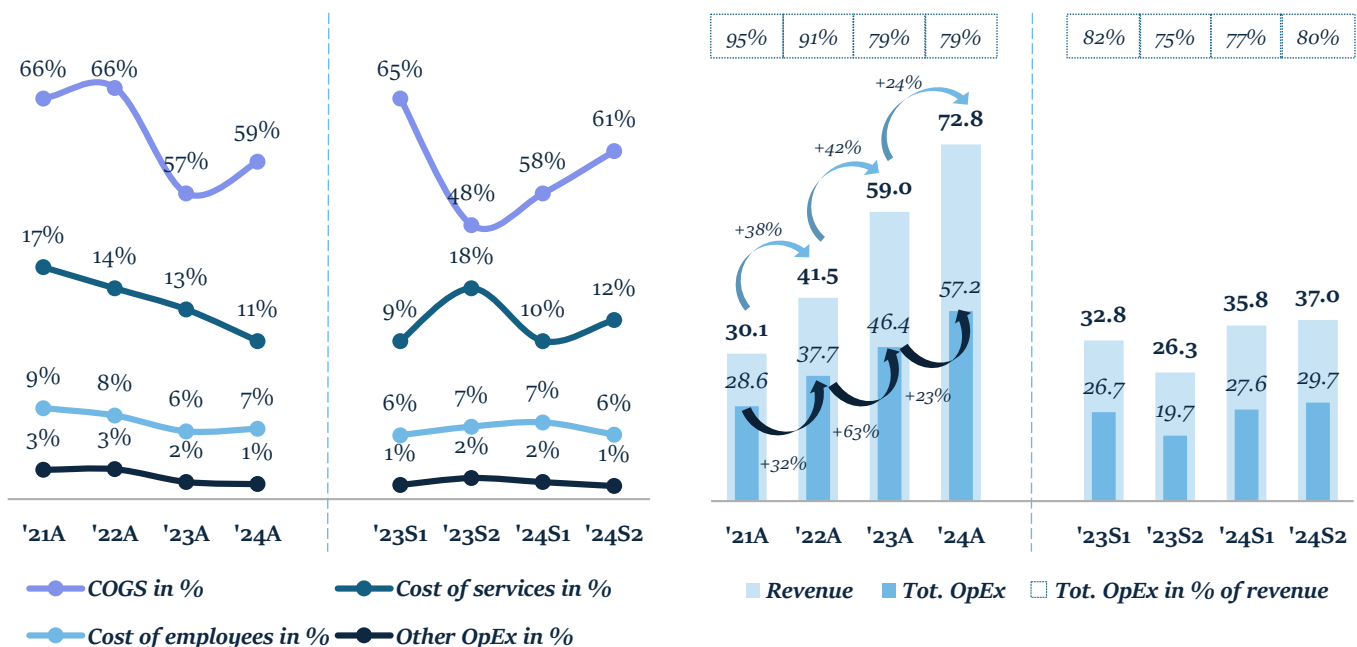


Source: Factset

As a result, the price of oranges has tripled over the past three years, reaching an average of €2.04 in 2024. Between January and March 2025, the price decreases to €1.80, near the early 2024 level. The increase observed since 2021 mainly affects low-tier orange juice producers, who have limited alternatives to compensate for this price rise, particularly in Europe, where stringent regulations prevent the addition of other fruits in orange juice bottles. One solution found has been to reduce bottle volumes (from 1 litre to 90 centilitres), but this does not compensate for the marginal drop faced by juice producers. This context benefits local producers, particularly those not affected by diseases, such as those in Sicily. Thanks to their premium products and increasing demand, they can pass on the price hikes without being penalised in terms of production volume.

M&S is exposed to this risk, but it remains well-managed. Firstly, due to long-term relationships and short supply chains, and secondly, because juice production accounts for only 10% of its revenue. As for its essential oil activity, the risk is also well-managed. M&S's technical expertise enables it to use different citrus varieties to create the products required by its customers, adapting its raw material mix accordingly. Furthermore, the price can be passed on to M&S's clients, given the criticality of flavours in food products. A consumer will always seek the same experience, characterised by a specific flavour or scent. Therefore, food and beverage producers are constrained by the demands of their end consumers. Negotiating the price of an essential oil would jeopardise their brand image, a risk that M&S's clients are unwilling to take, thus reducing their price negotiation power while demanding impeccable quality. Despite a substantial rise in the cost of raw materials, M&S's cost of goods sold (COGS) remains contained.

M&S cost structure (2020-2024, as % of sales, €m)



Sources: M&S, TP ICAP Midcap

In 2022, at the start of the price increase, COGS amounted to €27.5 million, representing 66.3% of revenue (up by 10 basis points compared to 2021). In 2023, COGS decreased in relative terms, accounting for 57.5% of revenue, or €33.9 million. In 2024, COGS increased to 59.4% of revenue, representing €43.3 million. During the same period, M&S's revenue grew by 38% in 2022, 42% in 2023, and 24% in 2024. After the peak reached in H1 2023, the situation stabilised in both H1 and H2 2024, with the respective % of revenue being 58% and 61%. Overall, after significant acceleration in 2023, the EBITDA margin slightly declined in 2024, landing at 21.4% (-60 bps YoY).

M&S capitalises on this market situation through a mix of volume and price effects. The first, not fully exploited until 2024, is tied to the opening of two new factories aimed at multiplying production. The second is likely passed on to its clients, as M&S enjoys strong negotiating power. This is due to (1) the limited number of players like M&S who can offer tailored citrus solutions to the flavour industry with such high quality and product standardisation (identical reproduction over time), and (2) the gustatory and olfactory preferences of end-consumers, which force flavour industry players like Robertet to use citrus in their products.

Looking ahead, the promises of the new factories include, among other things, M&S's enhanced ability to be more responsive to the final consumer requirements passed on by flavour industry manufacturers like Robertet. M&S would benefit from in-house management of its purchasing, reducing both costs (from outsourcing to in-house stock management) and production lead times (real-time stock availability). This would both increase its operating margin (cost reduction) and improve delivery times to flavour manufacturers, ultimately reaching the end-market faster.

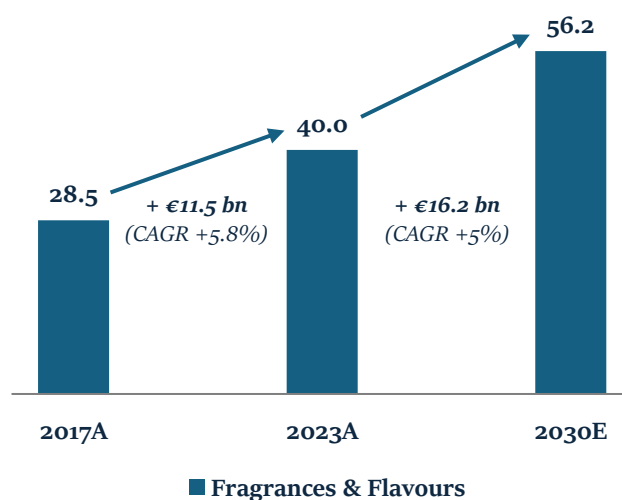
Flavours and Juices: Markets Driven by Growing Demand

The most significant market for M&S is that of essential oils and flavours, given the product mix in its revenue. Through the influence on customers' sense of smell and taste, fragrance and flavour are fundamental elements. They define a product, allowing customers to differentiate it from others. Flavour is a key component, particularly in beverages, food, and pharmaceutical products, as it activates the taste buds. As for fragrance, it plays a more crucial role in perfumes and personal care products, stimulating the sense of smell. Manufacturers focus on creating sufficiently balanced products to provide both olfactory and gustatory stimulation while keeping the cost of the finished product in check.

Market Trends in Flavours

According to Statista, in 2023, the flavour, fragrance, and aroma market was valued at €40 billion, with a forecasted CAGR of +5% from 2023 to 2030.

Global market for aromas, flavours and fragrances (2017-2030, € bn)



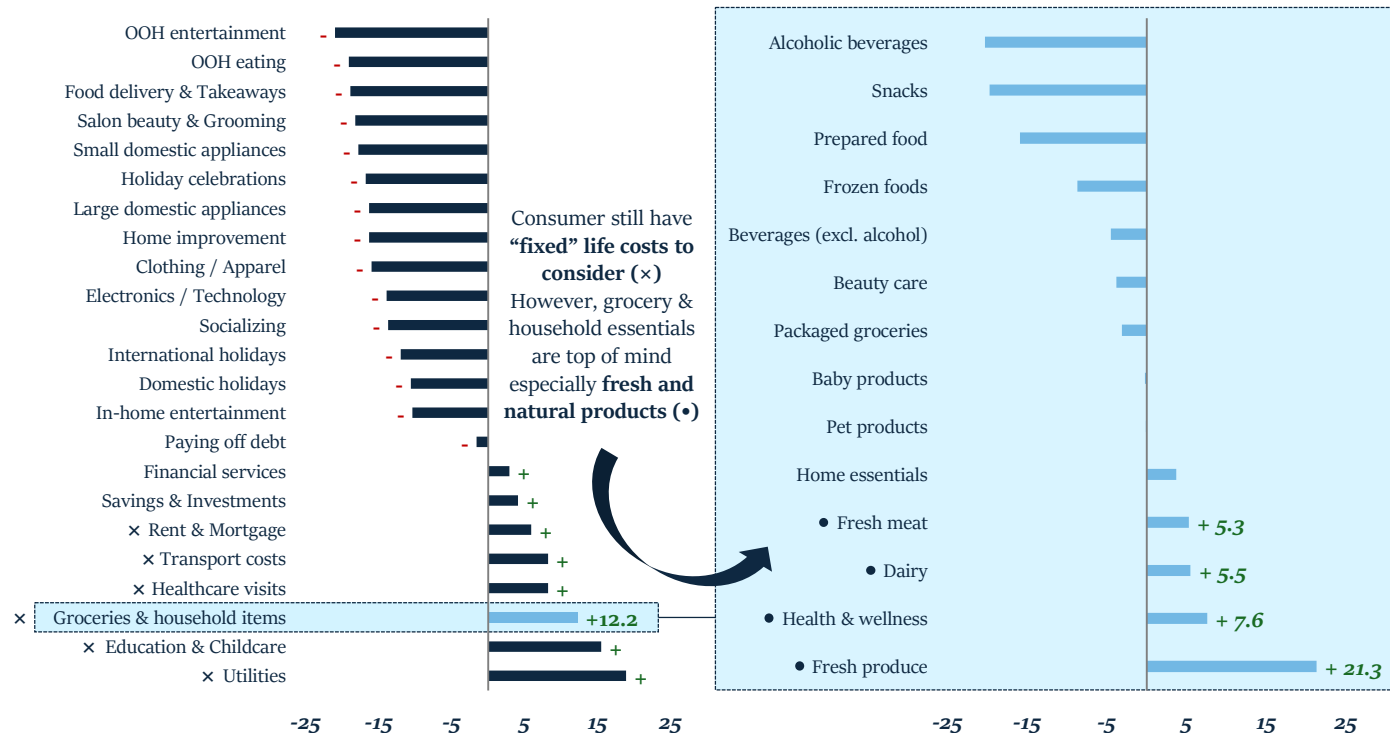
Source: Statista

This growth forecast is supported by underlying trends:

- (i) **A Growing Global Population:** This positively influences food consumption, and in turn, the demand for flavours. According to the United Nations, the global population could reach 9.7 billion by 2050.
- (ii) **Desire for Exclusivity:** Consumers are increasingly seeking unique experiences, especially when it comes to flavours. According to a report by Kerry, three out of four consumers say they are intrigued by new and less common flavours. Citrus preferences stand out due to the existence of more than 1,200 varieties.
- (iii) **Attraction to Citrus:** According to the Kerry report, 53% and 45% of consumers consider lemon and orange, respectively, to be their favourite flavours, placing them among the top 10 flavours.

The use of natural flavours is a promising strategy considering:

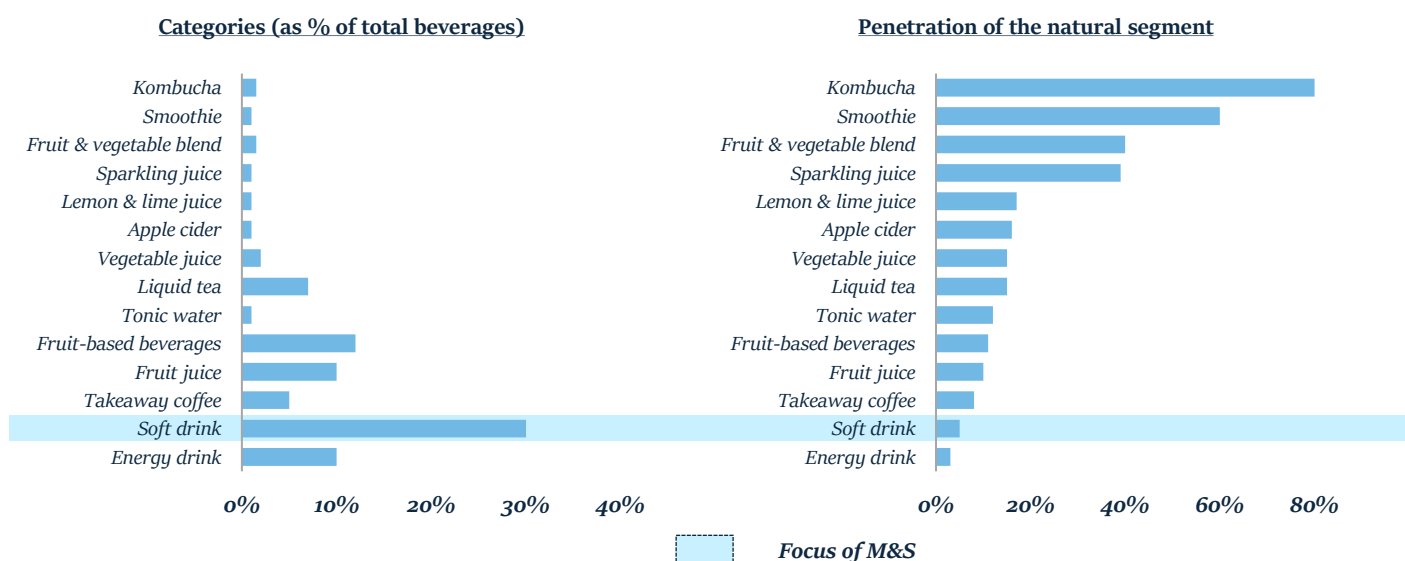
- (i) **Concerns Around Synthetic Products:** Consumers are increasingly leaning towards natural alternatives, as they are perceived as safer and more beneficial.
- (ii) **Natural Products Gaining Competitiveness:** Innovations have made natural products competitive with synthetic options, dispelling their previous reputation of being "less effective."
- (iii) **Consumer Demand for Transparency:** Consumers are seeking more transparency regarding the origin, production methods, and processing of the products they consume, favouring minimally processed, natural options.
- (iv) **Legal Constraints Encouraging Natural Products:** In 2023, the European Commission (EC) adopted a directive banning the use of carcinogenic, mutagenic, and reproductive toxic substances in cosmetic products. This is part of a continuous series of updates made by the EC to ensure safer consumer products.

Change in spending intentions (H1 2024 -H1 2025, in bps)


Note: the Δ in spending = % of respondents spending more - % of respondents spending less - Source: Nielsen IQ

According to Nielsen IQ, consumer spending on food and household products is the third-largest category of expenditure that consumers plan to increase the most between June 2024 and June 2025. Overall, global spending intentions for this category are expected to grow by +12.2%. This increase is driven by four key subcategories: fresh meat, dairy products, health and wellness products, and fresh produce. What unites these categories is their focus on naturalness and the health and wellness benefits they offer consumers. This trend is expected to positively impact products that are minimally processed and composed of natural ingredients, such as M&S's essential oils.

The non-alcoholic beverages market exemplifies a growth opportunity for M&S, given its significant exposure to this segment. Although non-alcoholic beverages account for 33% of the global beverage market, only 2% contain natural ingredients. This highlights the vast potential for natural alternatives.

Penetration of natural ingredients among the various beverages on the market


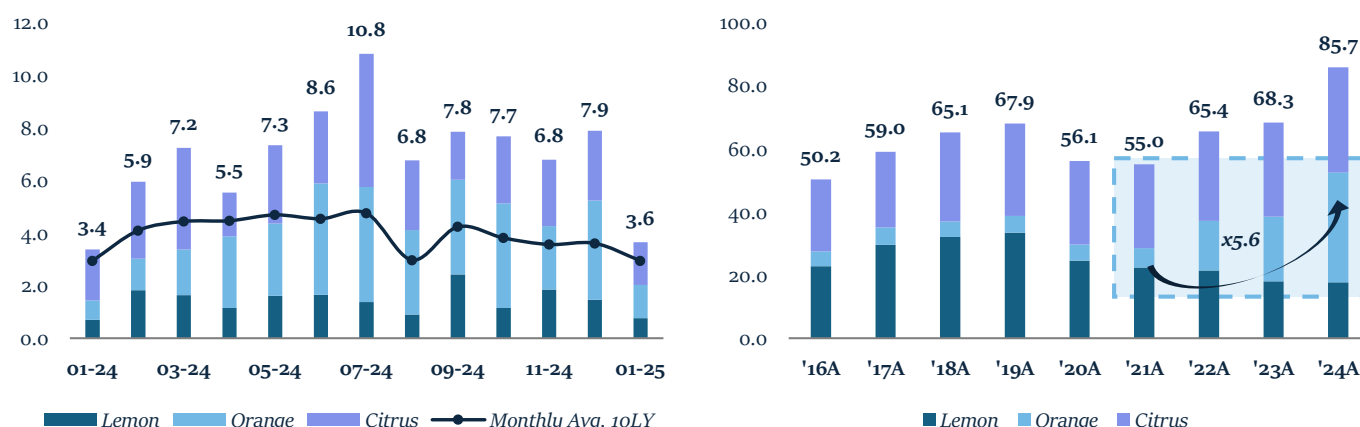
Source: Bloomberg

Among natural flavours, citrus-based essential oils represent a niche with strong demand. They are expected to grow at a CAGR of +5.1%, reaching approximately €14 billion by 2033, according to Fact.MR. By 2033, the United States is expected to consolidate its position as the largest market for citrus essences, with a CAGR of +5.5% (2022-2033). In China, the impact is expected to be even more significant, with a CAGR of +6.6% over the same period.

Citrus has the advantage of being widely appreciated for its application as a flavour in food and beverages:

- (v) Citrus essences offer flexibility to flavour houses, as they can be used as a flavour, colourant, or additive.
- (vi) Citrus is valued for its refreshing effect and as a sensory and taste enhancer.
- (vii) Attracting health-conscious consumers, citrus is recognised for its nutritional benefits and potential to boost immunity.

Development of citrus essential oils exports to and imports from Italy (2016-2025, in m€)



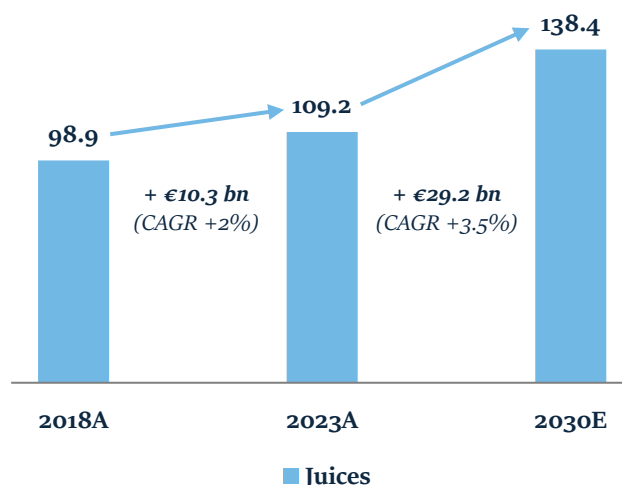
Source: EuroStat

In Italy, there has been a historically upward trend in the exports and imports of citrus essential oils. Between 2016 and 2020, the market remained relatively stable, fluctuating between €50 million and €68 million annually. However, between 2021 and 2023, exports surged by +55.9%, rising from €55 million to €85.7 million, representing a CAGR of +11.7%. This growth was largely driven by a significant increase in orange essential oils: in 2021, they represented 11.3% of total exports, but by 2024, this proportion had risen to 40%. With a record high reached in 2024, exports exceeded their historical monthly average (based on the last 10 years) in every single month. In January 2025, the performance was replicated with €3.6 million in exports, a +€0.2 million YoY increase and +€0.7 million compared to the 10-year monthly average. The product mix has shifted, with a rebound in the proportion of lemon essential oils, which now make up 44% of the total. This trend aligns with the spike in orange prices, which reached their peak in January 2025, at €2.6 per kilogram.

Market Trends for Fruit Juices

Although less exposed to the juice market, M&S benefits from favourable future projections. According to Statista, the market is expected to reach a value of approximately €138.4 billion by 2029, with a CAGR of +3.5% between 2023 and 2030. Europe accounts for 27% of this market, with a CAGR of +5.2% between 2022 and 2027.

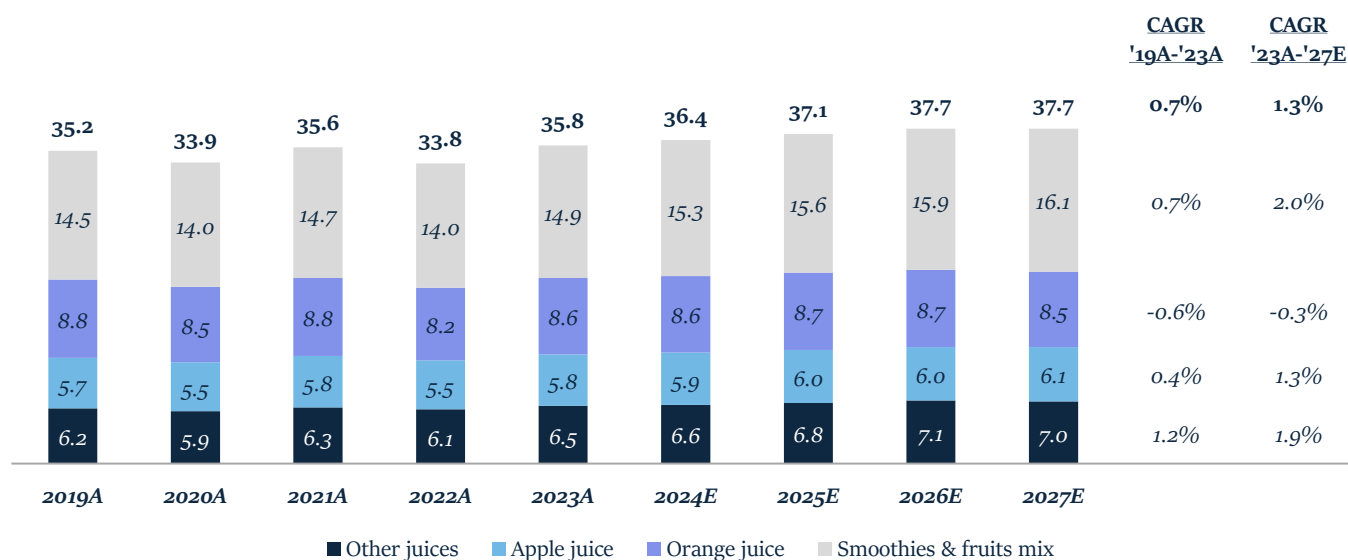
World fruit juice market (2023-2030, €m)



Source: Statista

According to Statista, by 2027, global volumes sold are expected to reach 37.7 billion litres. This evolution will be equally favourable to M&S, given the amplification of this growth. While between 2019 and 2023, volumes sold increased by an average of +0.7% annually, between 2023 and 2027, this is expected to rise to +1.3%.

Global volume of juice sold by fruit (2019-2027, billion liters)



Source: Statista

Flavours and Juices: Markets Protected by Strong Barriers to Entry

The flavour industry is a market with strong barriers to entry, driven by very specific customer demands. This creates a unique dynamic between specialised flavour companies and their partners. Changing suppliers involves a complex array of considerations:

- (i) **Customers seek precise flavour profiles**—being able to consistently reproduce them over time is essential. This capability allows flavour producers like M&S to position themselves as partners that flavour houses rely on.
- (ii) **Regulations favouring local sourcing** and sustainability issues encourage companies to establish close relationships with regional flavour producers. This geographical approach fosters deep collaboration and a shared commitment to responsible practices.
- (iii) **Long-standing relationships** between flavour houses and suppliers like M&S are built not only on price competitiveness but also on trust. Establishing such a robust trust relationship requires a significant investment.
- (iv) **Seasonal variations impact the volume and price of citrus fruits.** A supplier's expertise enables them to anticipate these fluctuations and guarantee product availability for customers.
- (v) **Beverage recipes are intellectual property** that is kept secret, complicating the entry of new competitors. They will face the challenge of understanding the subtle flavour profiles sought by flavour houses.

The combination of these factors creates a strong relationship between players in the flavour industry and complicates market penetration. Leading players leverage their experience and resources to gain market share, creating a dynamic conducive to growth opportunities.

The Italian citrus essence market is constantly evolving, representing a growth driver for the global flavour sector. M&S plays a leading role here, particularly with an EBITDA margin higher than its competitors. The closest competitor has a revenue approximately €6 million higher, but M&S's EBITDA margin is significantly superior, with a +510 bps differential.

Competitive analysis of M&S in the Italian market (essential oils & juices)

Peers	Oils & Juices	Production	Fruits used	Location	# employees	Revenue '24A	EBITDA '24A
		 30 000 m ²	<ul style="list-style-type: none"> Orange Lemon Other citrus fruits 	 Sicile	 60	€ 72.8m	€ 15.6m 21.4% margin
		 11 000 m ²	<ul style="list-style-type: none"> Orange Bergamot Other citrus fruits 	 Calabre	 c. 110	€ 78.9m ⁽¹⁾	€ 12.9m ⁽¹⁾ 16.3% margin
		 20 000 m ²	<ul style="list-style-type: none"> Orange & lemon Other citrus fruits Other fruits 	 Calabre	 80	€ 70.3m ⁽¹⁾	€ 10.4m ⁽¹⁾ 14.8% margin
		 50 000 m ²	<ul style="list-style-type: none"> Orange Lemon Mandarin 	 Sicile	 c. 80	€ 33.9m ⁽¹⁾	€ 3.1m ⁽¹⁾ 9.1% margin
		 11 000 m ²	<ul style="list-style-type: none"> Orange & mandarin Lemon Other citrus fruits 	 Sicile	 c. 65	€ 28.5m ⁽¹⁾	€ 1m ⁽¹⁾ 3.5% margin
		 37 000 m ²	<ul style="list-style-type: none"> Orange & mandarin Lemon Other citrus fruits 	 Sicile	 c. 60	€ 20.9m ⁽¹⁾	€ 2.2m ⁽¹⁾ 10.5% margin
		 n.d.	<ul style="list-style-type: none"> Orange Lemon Other citrus fruits 	 Sicile	 c. 60	€ 18.0m ⁽¹⁾	€ 3.4m ⁽¹⁾ 18.9% margin
		 n.d.	<ul style="list-style-type: none"> Orange Lemon Other citrus fruits 	 Sicile	 n.d.	€ 13.5m ⁽¹⁾	€ 1.6m ⁽¹⁾ 11.9% margin
		 n.d.	<ul style="list-style-type: none"> Orange & mandarin Lemon Other citrus fruits 	 Sicile	 c. 10	€ 13.6m ⁽¹⁾	€ 1.6m ⁽¹⁾ 11.8% margin

⁽¹⁾ Data from 2023 - Sources: Factset, public information, Aida Bureau van Dijk, TP ICAP Midcap

M&S Growth Strategy

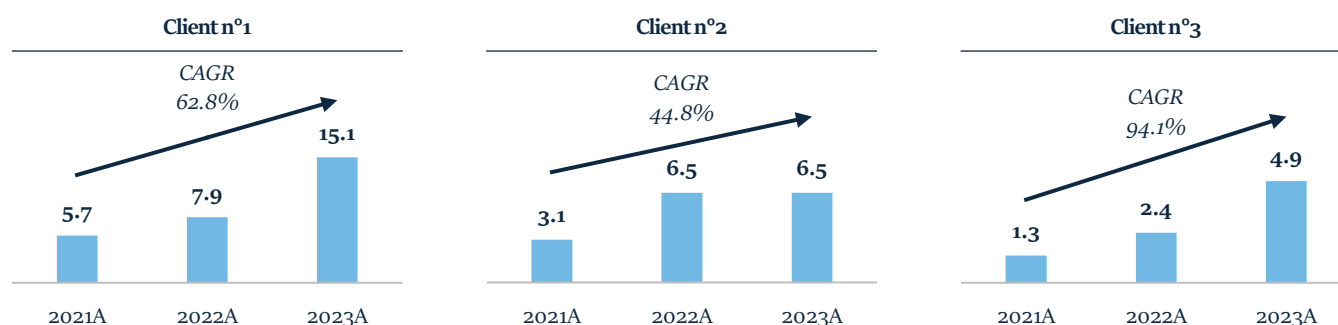
Since its creation, M&S has developed through organic growth, based on two pillars: strong relationships with existing clients and seeking new partnerships. The modernisation and expansion of the Furci Siculo production site has been a significant driver, improving the company's image among partners. Subsequently, the restructuring of M&S, which began in 2021, allowed the company to double its revenue within two years. Finally, the investment made in 2023 in two new production sites was aimed at accelerating the group's growth by optimising and increasing production.

M&S's future strategy revolves around two key factors: (i) Organic growth (ii) Logistical and productive optimisation. While external growth is an option under consideration, the company has yet to establish a specific strategy for this. Two types of players could prove relevant: (1) A company positioned in the flavour and essential oil market, excluding citrus-based products. In this case, M&S would diversify its product portfolio and address a new market (horizontal integration). (2) A company that produces essential oils and citrus fruits. This would provide M&S with direct visibility over raw materials and even more control over the production chain of essential oils (vertical integration).

(i) Organic growth

The future revenue growth for M&S appears highly probable for three reasons: (1) A growing client base, (2) Diversified and growing product demand, (3) Well-targeted geographic areas with high potential.

Historical M&S sales to top 3 customers (2021-2023, €m)



Sources: M&S, TP ICAP Midcap

M&S's development of its customer base in strategic markets such as the Americas and India ensures sustained medium-term order growth. This dynamic is partly driven by various key contracts, which guarantee a significant revenue stream over the next 5 to 10 years. This asset strengthens M&S's resilience against potential fluctuations in end-consumer demand. Furthermore, the visibility M&S has on its future orders enables the company to optimise its production, particularly through proactive management of raw material costs. In a context where citrus prices are particularly volatile, this anticipatory approach mitigates the risk to its operating margin.

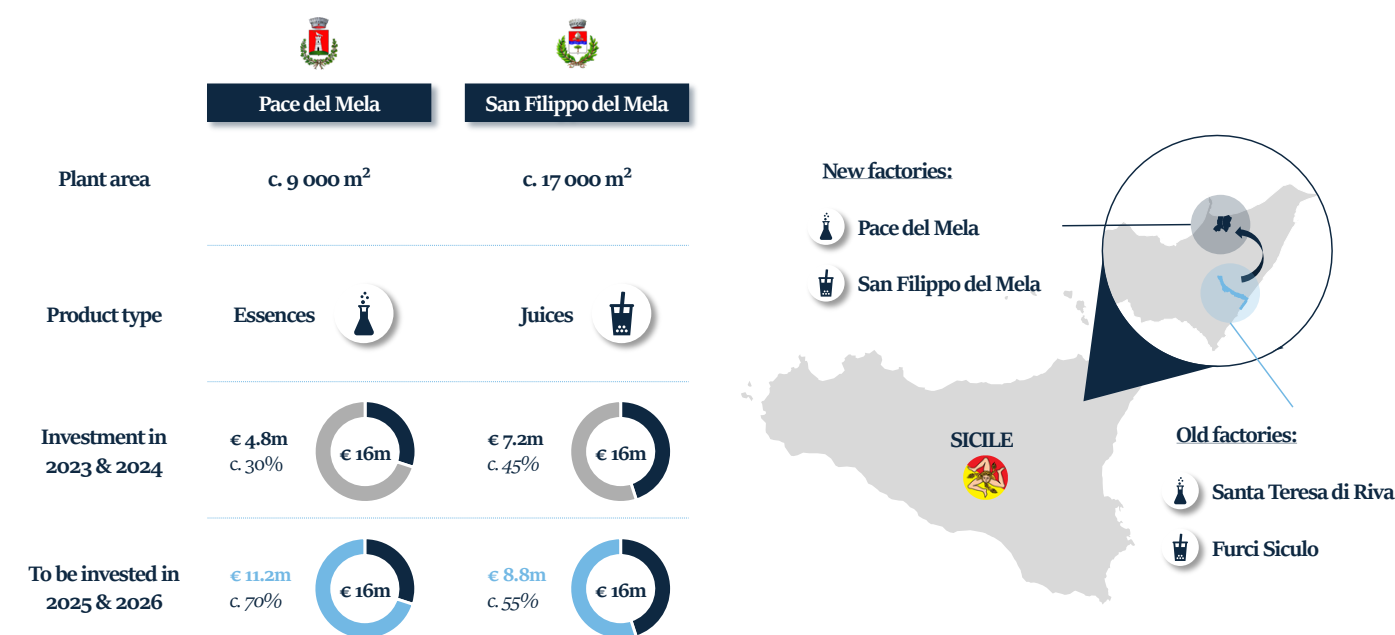
M&S's product mix is strongly correlated with that of its clients, the manufacturers of end-products. Therefore, M&S does not have direct visibility on end-consumer demand. Although M&S anticipates future trends, it does not have the power to directly propose new products, as it relies on the decision-making of its clients, the end-product manufacturers. However, through its R&D and long-standing relationships, M&S can ensure the availability of products with innovative flavours and aromas in a context of trust and loyalty. In our view, although the synergistic impact of the product mix on revenue is difficult to quantify, the company stands to benefit from the acceleration of the fragrance and personal care markets. Between 2023 and 2029, Statista forecasts a CAGR of +3.2% for this market, which is particularly favourable for M&S considering consumers' growing preference for natural products, often perceived as safer for health.

M&S is primarily exposed to Europe and the United States (around 80% of revenue). The company is aware of the growth potential in emerging countries, particularly India, driven by macroeconomic factors (population growth) and an attraction to the niche of citrus essential oils. M&S addresses this market through a partner who distributes products under the "Misitano & Stracuzzi" brand, a key agreement enabling the company to spread its brand image in India. Furthermore, the finalisation of the strategic advisory board in November 2024 strengthens M&S's overall strategy, including international expansion. This advisory board consists of three experienced former executives: Daemmon Reeve, ex-President & CEO of Treatt plc from 2012 to 2023, Bhavesh Shah, ex-Manager at Procter & Gamble, and Alain Frix, ex-Vice President of Sales at Symrise (see annexes). The combination of these elements gives us a decidedly positive outlook on M&S's ability to capture international market growth.

(ii) Value Chain Logistical Optimisation

For optimal growth, M&S has chosen to invest in its production capacity. This investment involves the construction of two new factories in the Messina province, covering approximately 30,000 m². The two projects are expected to be completed by the beginning of the first half of 2025. The essential oil production unit will be relocated from Santa Teresa di Riva to Pace del Mela, while the juice and essential oil extraction unit will move from Furci Siculo to San Filippo del Mela, in a second factory. The investment has been valued at €32 million, of which M&S has already accounted for approximately €12 million in 2023 and 2024 for land acquisition and initial developments. The remaining €20 million will be allocated in 2025 and 2026.

Relocation of M&S gasoline and juice production plants (end of projects H2 2025)



Sources: M&S, TP ICAP Midcap

Until 2023, M&S was unable to maintain physical stock in its factories. The company relied on third parties, which exposed it to fluctuations in demand. Without direct access to raw materials, both time and costs disrupted the efficiency of its industrial processes. The establishment of the two new production sites addresses these issues. Moving forward, the company will have direct access and control over its raw materials, leading to cost reductions in services without the need for third-party involvement, and an increased capacity for storage. We estimate that the transition will not be immediate, as it will require adaptation, particularly in terms of employee numbers. In the short term, we anticipate a slight decline in operating margins. However, over the medium and long term, M&S will be able to optimise its production significantly, with greater agility to respond more quickly to customer needs and capitalise on more market opportunities. We believe the combination of these factors will have a positive impact on operating margins and production volumes.

The automation of processes represents another improvement with the new production sites. An example is the automated dosing and weighing of liquid solution mixtures. The advantage lies in improved product quality that better meets customer requirements. In the microdosing sector, even minor variations have significant impacts. Additionally, productivity gains are realised through the automation of the process by machines. While human oversight remains critical to monitor the process, the machine can perform the task continuously. In our view, the impact will be like the improvement in stock management: a short-term adjustment period, followed by a progressive growth in operating margins in the medium and long term.

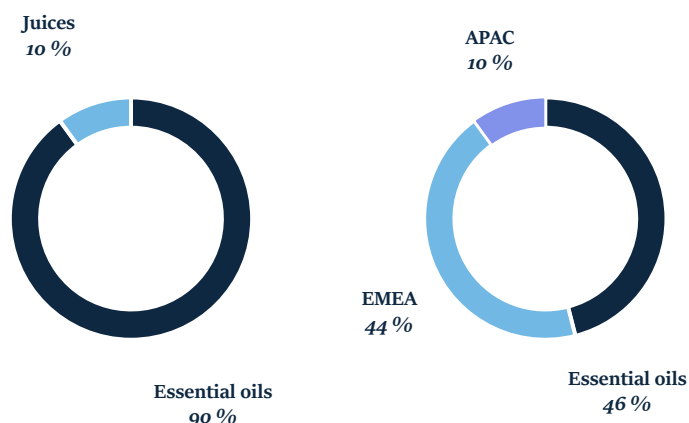
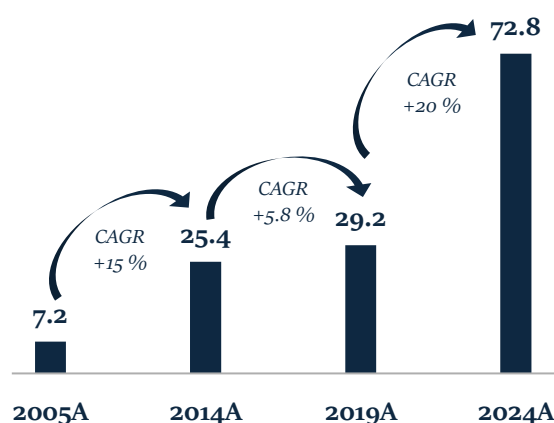
The space gained in the new sites also allows M&S to develop a comprehensive R&D centre. Human and technological investment remains a central strategy for the company. The diversification of its product range will be driven through R&D, with one of M&S's objectives being to horizontally expand its product portfolio beyond citrus-based products. While the impact on operating margins is likely to be positive, thanks to the product mix adapting to end-market demand, we recognise that estimating this impact is more challenging due to the limited visibility into R&D outcomes.

Financial Data and Projections

Historical Financial Results

Since the modernisation of its production sites beginning in the early 2000s, M&S has delivered significant year-on-year growth. Between 2005 and 2014, revenue grew at a CAGR of +15%. Following a relatively stable period, the company's revenue increased at a CAGR of +20% between 2019 and 2024, driven by a restructuring of its governance and top management, alongside a significant market share gain.

Historical sales trend (2005-2024, in €m) and breakdown of sales by business and region (2024)

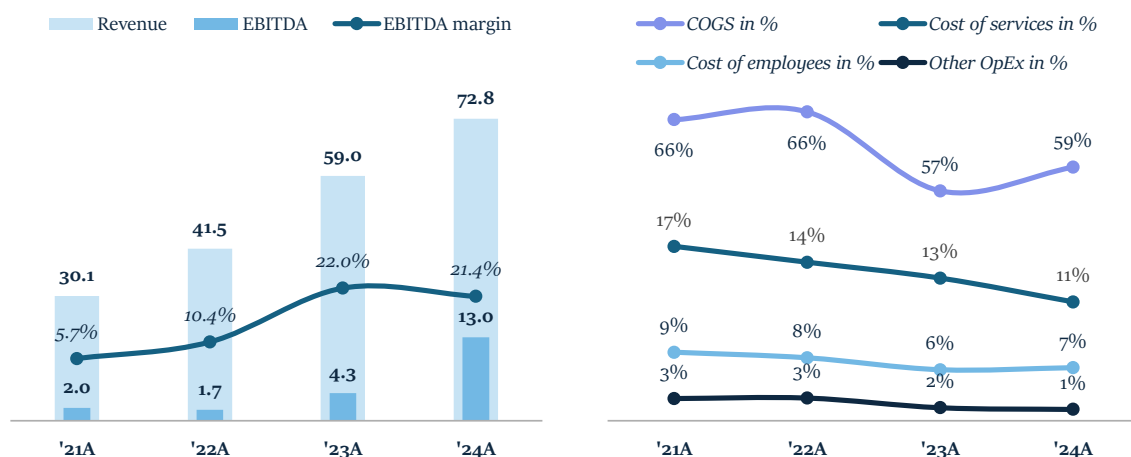


Sources: M&S, TP ICAP Midcap

In 2024, revenue reached €72.8 million, driven mainly by increased sales volumes, primarily from essential oils and, to a lesser extent, juices. We estimate that 90% of 2024's revenue comes from essential oils. Additionally, since 2021, sales outside of Europe have been growing, driven by the development of new markets and sustained demand in established ones.

M&S's operational costs are primarily comprised of raw material purchases (59.4% of revenue in 2024) and service costs such as transportation (11% of revenue in 2023). Despite the rising cost of raw materials, the company has managed to control their impact on margins. After a significant decline in 2023 (-880 bps compared to 2022), raw material purchase costs saw a slight increase in 2024 (+90 bps), in line with the price evolution of materials (including oranges). Overall, EBITDA margin slightly declined, settling at 21.4% in 2024 (-60 bps compared to 2023). Since 2022, the company has improved its profitability through volume growth, an enhanced product mix, and a positive price effect. The focus on essential oils has been crucial, given the impact of greening disease on citrus prices and volumes. Furthermore, internal research has contributed to the development of tailored solutions for the market, thereby enhancing the value of their products.

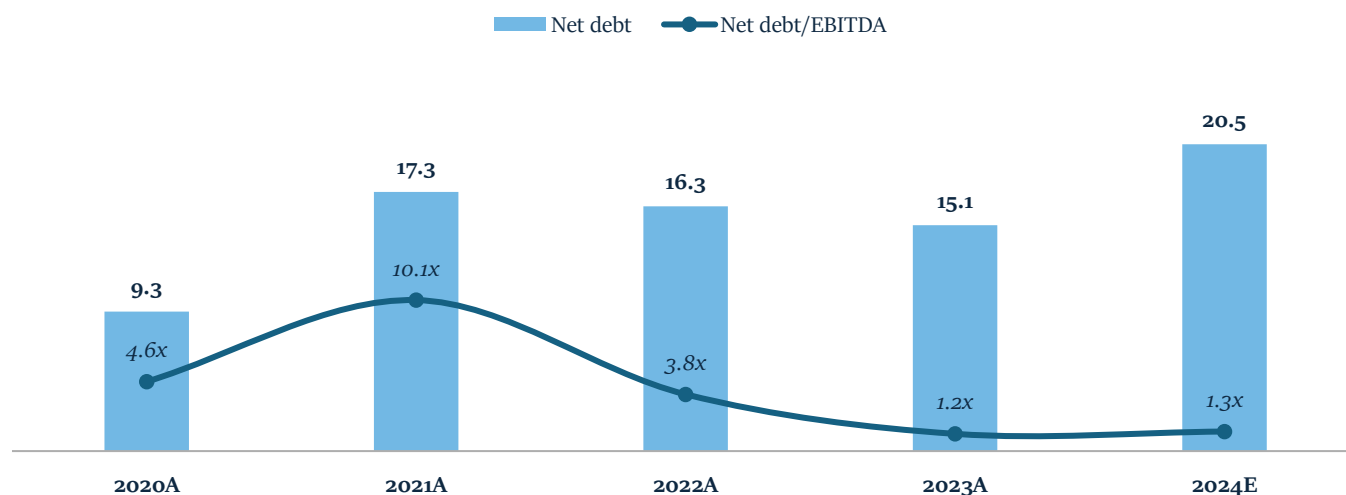
Sales and EBITDA (2020-2024, in €m) and operating expenses (2021-2024, as % of sales)



Sources: M&S, TP ICAP Midcap

In 2024, net debt reached €20.5 million (negative net cash position), marking an increase of +€5.4 million. This slight rise was due to a slower cash generation impacted by significant capital expenditures (-€6.8 million), a substantial variation in working capital (-€25.1 million), and an overall increase in debt of +€10.9 million. These strategic choices were made to, on the one hand, expand production (with new sites funded by proceeds and debt) and, on the other hand, support market demand by maintaining substantial stock levels (smoothing out purchase price fluctuations).

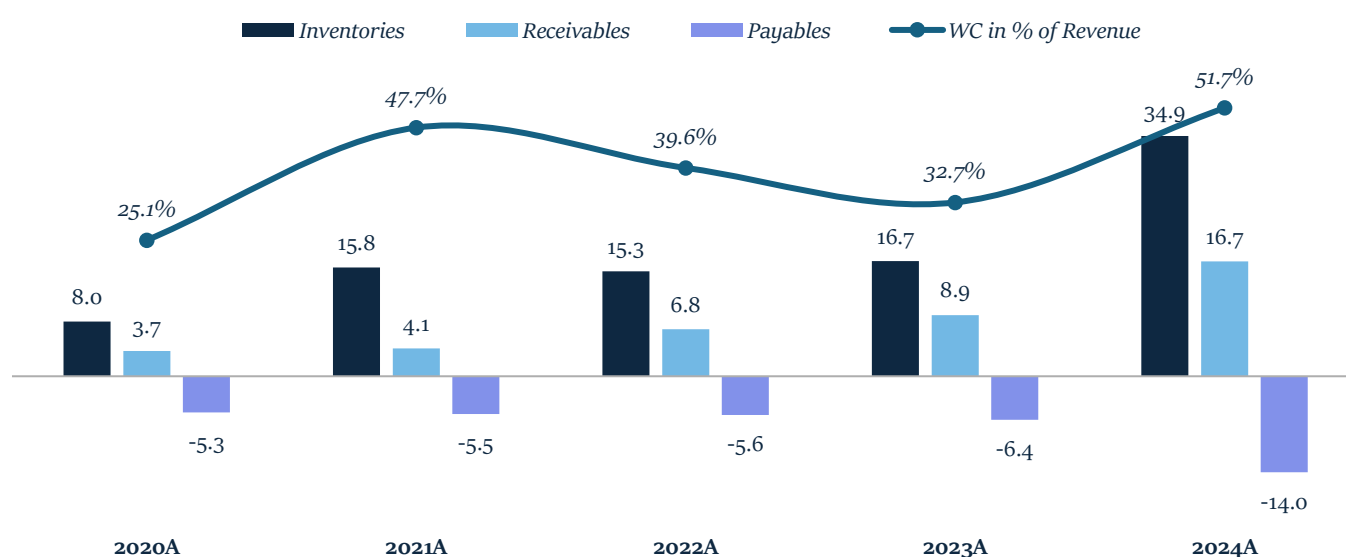
Change in net debt (2020-2024, in m€)



Sources: M&S, TP ICAP Midcap

Essential oils have a long shelf life and only begin to expire after two years. Since 2021, M&S has gradually increased its stock to counter potential supply chain interruptions and fluctuations in raw material prices, particularly in the context of the greening impact on citrus fruits. The group's accumulated stock is primarily made up of essential oils, which are relatively liquid assets and can thus be sold almost immediately. The company requires short-term financing to pay its fruit suppliers. To secure the best citrus fruits, M&S pays its suppliers upfront, which complicates any negotiations for payment terms (remaining constant from 2019 to 2023). However, this situation improved in 2024 with greater negotiation capacity. As a result, the company's working capital requirement (WCR) has progressively moved towards a more negative position, reflecting an increased financing need. In 2024, the WCR represented approximately 52% of revenue, compared to 33% in 2023.

Change in working capital requirements (2019-2024, in m€)



Sources: M&S, TP ICAP Midcap

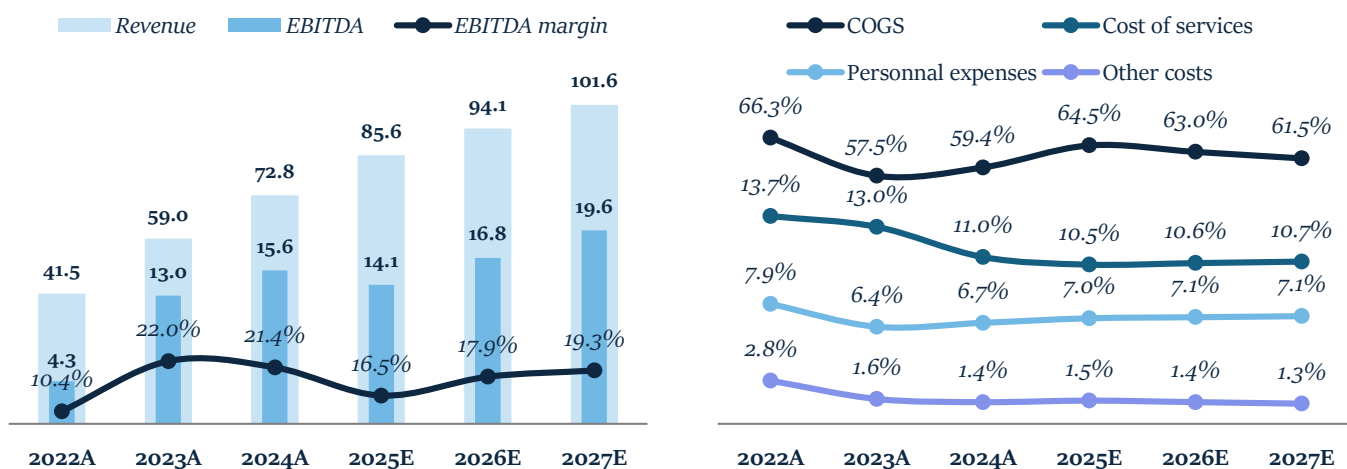
Resolutely optimistic forecasts

The results for the 2024 financial year are satisfactory, with a revenue of €72.8 million (+23.4% YoY) and an EBITDA of €15.6 million (+19.7% YoY), yielding an EBITDA margin of 21.4%.

Given these results and the favourable macroeconomic dynamics, we have adopted an optimistic forecast that anticipates solid revenue growth, with a CAGR of +11.7% between 2024 and 2027 (compared to a +5% CAGR on the reference market according to Statista). This growth will be driven by both essential oils and juice segments, with a projected revenue of €101.6 million in 2027. We expect sales to remain focused on essential oils, maintaining a similar product mix (approximately 90% of revenue in 2028).

The commencement of the new production sites by mid-2025, which could at a minimum quadruple current production line, along with increasing order volumes, improved value chain efficiency, and the structuring of the strategic board, provide a solid foundation for our projections, which surpass market estimates.

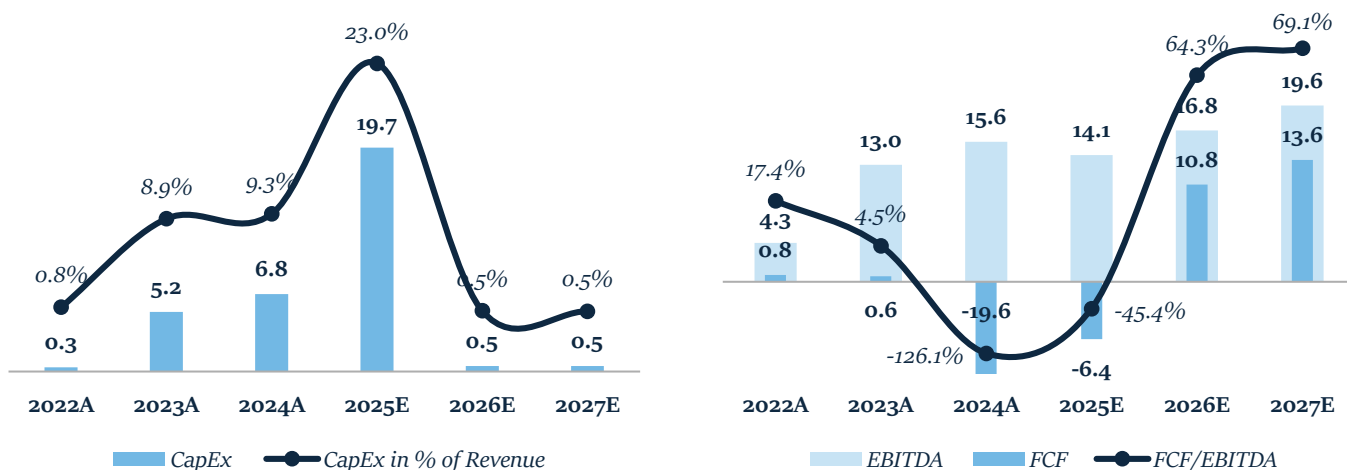
Estimated sales, EBITDA and operating costs (2022-2027, in m€)



Sources: M&S (historical: A), TP ICAP Midcap (estimates: E)

We anticipate the continuation of the dynamics in the raw materials market, where M&S will maintain its strategy initiated in 2023, with a small increase in level of COGS (61.5% of revenue in 2027). Furthermore, the internalisation of raw materials storage is expected to gradually reduce service costs to 10.7% of revenue by 2027 (compared to 11.0% in 2024). However, we remain cautious regarding the transition of production sites and expect a slight decrease in operational efficiency. The increase in raw material prices is likely to be felt, with a projected rise to 64.5% of revenue in 2025. These two factors lead us to foresee a slight decline in the EBITDA margin to 16.5% in 2025. By 2027, we estimate an EBITDA of €19.6 million (+€4 million), with a margin of 19.3% (compared to 21.4% in 2024).

CapEx estimates and FCF generation (2022-2027, in €m)

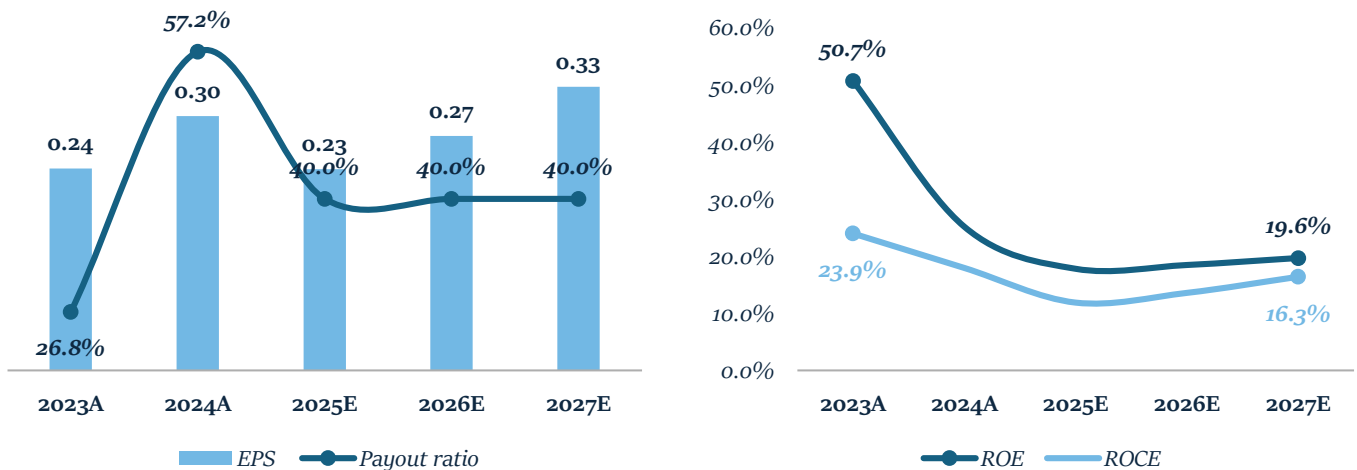


Sources: M&S, TP ICAP Midcap estimates

Considering the investment in the two new sites for a total of €32.0 million, with approximately €12 million already accounted for in 2024, we expect an important allocation of future Capital Expenditure (CapEx), with the remaining €20 million distributed almost entirely in 2025. From 2028 onwards, we anticipate CapEx to gradually return to its historical level (around 2% of revenue).

After the significant CapEx investment period between 2023 and 2025, we forecast cash generation to gradually stabilise at 65% on long term. With the impact of working capital already accounted for historically due to the market context, we foresee a scenario where working capital progressively decreases until 2027 (around 30% of revenue), anticipating a return to historical levels after a substantial increase in inventory in 2024 (+€18.7 million YoY).

Earnings per share and ROCE (2023-2027, in €m)



Sources: M&S, TP ICAP Midcap estimates

In conclusion, we project a compound annual growth rate (CAGR) of 3.7% for earnings per share (EPS) between 2023 and 2027. Simultaneously, M&S should be able to generate a return on capital employed (ROCE) of 16.3% in 2027.

Valuation

To value M&S, we have chosen to use the discounted cash flow (DCF) method, which captures the potential growth in the medium and long term. Comparable companies are presented; however, we do not consider the market comparable approach. Indeed, no publicly listed company has a business model, scope of activities, market, or size like M&S.

DCF model (2025-2034, in €mn)

DCF - €m		2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenue		85.6	94.1	101.6	108.7	115.1	120.5	125.1	128.8	132.0	133.9
	YoY %	17.5%	10.0%	8.0%	7.0%	5.9%	4.7%	3.8%	3.0%	2.4%	1.5%
EBITDA		14.1	16.8	19.6	22.6	23.9	25.0	25.9	26.7	27.4	27.8
	Margin %	16.5%	17.9%	19.3%	20.7%	20.7%	20.7%	20.7%	20.7%	20.7%	20.7%
(+) D&A		(2.4)	(3.6)	(4.0)	(3.5)	(2.5)	(2.6)	(2.7)	(2.8)	(2.9)	(2.9)
	% of Revenues	-2.8%	-3.8%	-3.9%	-3.2%	-2.2%	-2.2%	-2.2%	-2.2%	-2.2%	-2.2%
EBIT		11.7	13.3	15.7	19.0	20.1	21.1	21.9	22.5	23.1	23.4
	Margin %	13.7%	14.1%	15.4%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
(-) Tax		(2.6)	(3.0)	(3.7)	(4.6)	(5.4)	(5.7)	(5.9)	(6.1)	(6.2)	(6.3)
	Rate %	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
(-) CapEx		(19.7)	(0.5)	(0.5)	(1.5)	(2.5)	(2.6)	(2.7)	(2.8)	(2.9)	(2.9)
	% of Revenues	23.0%	0.5%	0.5%	1.4%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
(+/-) Changes in WC		1.8	(2.5)	(1.9)	(0.9)	(0.9)	(0.9)	(1.0)	(1.0)	(1.0)	(1.1)
	% of Revenues	-2.1%	2.6%	1.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
(=) FCF		(6.4)	10.8	13.6	15.7	13.8	14.5	15.0	15.5	15.8	16.1
Discounted Free Cash-Flow		-6.4	10.8	13.6	15.7	13.8	14.5	15.0	15.5	15.8	16.1
Sum of Discounted FCF	73.4	LT g / WACC									
Discounted TV	90.3	1.2%	5.3	5.1	4.8	4.6	4.4	4.2	4.0		
% TV	55%	1.3%	5.4	5.1	4.9	4.6	4.4	4.2	4.0		
EV	163.7	1.4%	5.4	5.2	4.9	4.7	4.4	4.2	4.0		
Net Debt	(20.5)	1.5%	5.5	5.2	5.0	4.7	4.5	4.3	4.1		
Minorities	0.0	1.6%	5.6	5.3	5.0	4.8	4.5	4.3	4.1		
Provisions / Pensions	(1.2)	1.7%	5.6	5.3	5.1	4.8	4.6	4.4	4.2		
Others	0.0	1.8%	5.7	5.4	5.1	4.9	4.6	4.4	4.2		
EqV	142.1										
NoSh	30.1										
TP	4.7										
Upside	89%										

Assumptions	
WACC	9.2%
g LT	1.5%

Source: TP ICAP Midcap estimates

Our method includes a risk-free rate of 3.7% (3-month average of 10-year Italian government bonds), a market risk premium of 9%, a specific risk premium of 2% (company size), a beta of 0.9x, a cost of debt of 3%, and a cost of equity of 10.7%. These assumptions lead us to a weighted average cost of capital (WACC) of 9.2%. Additionally, we consider a perpetual growth rate (long term) of 1.5%. Our model estimates an enterprise value (EV) of €163.7 million. After subtracting the net debt of €20.5 million and provisions of €1.2 million, we arrive at an equity value (EqV) of €142.1 million. It is worth noting that we have applied a declining growth rate trajectory for our topline, approaching the perpetual growth rate used, and a leveraged beta of 0.8x, calculated based on comparable with a gearing ratio of 0.2x.

Trading comparable

Company	Mcap (m€)	EV/CA			EV/EBITDA			EV/EBIT			P/E	
		Dec-25	Dec-26	Dec-27	Dec-25	Dec-26	Dec-27	Dec-25	Dec-26	Dec-27	Dec-25	Dec-27
Treatt plc	231	1.8x	1.2x	1.1x	11.0x	7.0x	6.4x	13.8x	8.8x	8.1x	12.8x	11.3x
Robertet, Societe Anonyme	1,635	2.1x	2.0x	2.0x	11.3x	10.7x	9.5x	13.5x	12.7x	11.3x	17.0x	13.5x
Symrise AG	13,245	3.2x	2.9x	2.7x	15.7x	13.7x	12.7x	22.5x	18.8x	17.0x	28.2x	21.5x
Kerry Group Plc Class A	16,304	2.3x	2.6x	2.5x	14.5x	14.7x	13.6x	19.0x	19.0x	17.4x	21.2x	16.8x
McCormick & Company, Incorporated	19,492	3.8x	3.8x	3.7x	20.0x	19.5x	18.1x	23.9x	23.3x	21.8x	27.4x	24.5x
International Flavors & Fragrances Inc.	17,584	2.7x	2.6x	2.7x	14.0x	13.6x	13.3x	26.4x	26.3x	24.6x	17.7x	17.2x
DSM-Firmenich	24,044	2.2x	2.0x	2.0x	13.5x	11.0x	10.7x	26.3x	19.5x	18.5x	29.3x	20.6x
Givaudan SA	37,451	5.5x	5.2x	4.9x	22.8x	21.4x	20.3x	28.6x	26.3x	24.7x	33.2x	27.6x
Median peers	16,944	2.5x	2.6x	2.6x	14.3x	13.7x	13.0x	23.2x	19.3x	17.9x	24.3x	18.9x
Misitano & Stracuzzi	84	1.2x	1.1x	1.0x	7.5x	6.3x	5.4x	9.0x	7.9x	6.7x	11.9x	8.4x
Discount		101%	135%	148%	91%	119%	142%	157%	143%	167%	105%	125%
Misitano & Stracuzzi - estim. TP ICAP	142	1.9x	1.7x	1.6x	11.6x	9.7x	8.3x	14.0x	12.3x	10.4x	20.1x	14.3x

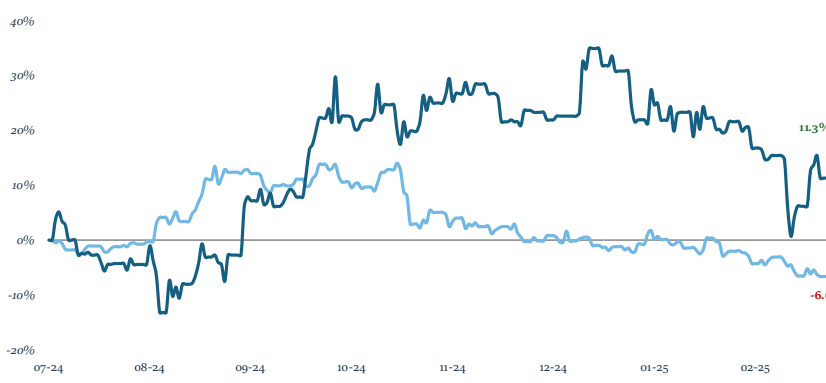
Sources: FactSet, TP ICAP Midcap estimates

Even though we do not include the market comparable method in our valuation, it remains relevant to highlight M&S's discount compared to its peers. Considering our forecasts for 2025 to 2027, M&S's EV/EBITDA ranges between 5.4x and 7.5x.

Misitano & Stracuzzi v. Robertet

Robertet - in m€			
	2025C	2026C	2027C
Revenue	851.5	894.0	925.0
% growth	5.4%	5.0%	3.5%
EBITDA	161.2	170.9	191.5
% margin	18.9%	19.1%	20.7%
EBIT	135.4	144.1	161.5
% margin	15.9%	16.1%	17.5%
Net Income	96.2	103.6	121.0
% margin	11.3%	11.6%	13.1%

M&S - in m€			
	2025E	2026E	2027E
Revenue	85.6	94.1	101.6
% growth	17.5%	10.0%	8.0%
EBITDA	14.1	16.8	19.6
% margin	16.5%	17.9%	19.3%
EBIT	11.7	13.3	15.7
% margin	13.7%	14.1%	15.4%
Net Income	7.1	8.2	9.9
% margin	8.2%	8.7%	9.8%



Legend: RBT-FR (blue line), MS-MIL (black line)

Final values: RBT-FR: -6.6%, MS-MIL: 11.3%

Company	Mcap (m€)	EV/EBITDA			Growth & margin - 2025A		
		Dec-25	Dec-26	Dec-27	Revenue gwth	EBITDA margin	Net margin
Robertet, Societe Anonyme	1,635	11.3x	10.7x	9.5x	5.4%	18.9%	11.3%
Misitano & Stracuzzi	84	7.5x	6.3x	5.4x	17.5%	16.5%	8.2%
Discount		51%	71%	78%			

Company	Mcap (m€)	EV/EBITDA			Growth & margin - 2025A		
		Dec-25	Dec-26	Dec-27	Revenue gwth	EBITDA margin	Net margin
Robertet, Societe Anonyme	1,635	11.3x	10.7x	9.5x	5.4%	18.9%	11.3%
Misitano & Stracuzzi	84	7.5x	6.3x	5.4x	17.5%	16.5%	8.2%
Discount		51%	71%	78%			

Notes: share price closed at end of march 2025, (C): consensus – Sources: FactSet, TP ICAP Midcap estimates

Focusing on its most relevant peer based on similarity criteria, M&S is expected to show a significantly higher growth in 2024 compared to Robertet (+17.5% vs. +5.4%). Our forecasts for M&S indicate an EV/EBITDA of 7.5x (2025e), representing a discount of 51% compared to Robertet.

In conclusion, we initiate a **BUY recommendation for Misitano & Stracuzzi with a target price of €4.7, offering a 93% upside potential.**



Summary of valuation methods

Valuation method	Target price	Weight
DCF	4.7	100.0%
EV/Sales	7.1	0.0%
EV/EBITDA	6.5	0.0%
EV/EBIT	7.1	0.0%
P/E	4.2	0.0%

Target price	4.7
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Sources: FactSet, TP ICAP Midcap estimates

For informational purposes, the target prices obtained through the method of comparable companies are an average of the 2025, 2026, and 2027 estimates. For each multiple (EV & EqV), we applied a 30% discount considering the maturity gap between Misitano & Stracuzzi and its listed comparable.



Appendices

Brief history

- 1922: The Misitano and Stracuzzi families began their journey by operating in the citrus market
- 1974: Establishment of M&S as a general partnership
- 1981: Transition into a joint-stock company
- 2003-2005: Creation and development of a laboratory dedicated to producing essential oils
- 2016: Launch of M&S USA Corporation, the company's U.S. subsidiary
- 2017: Introduction of natural citrus juice production
- 2019: Awarded the "Excellent Company Award" by the SME Observatory and inclusion in *Borsa Italiana's* Elite Programme, designed to connect high-potential companies and enhance their skills and networks
- 2022: The Stracuzzi family acquired the Misitano family's shares, marking the latter's complete exit from the company. This led to a reorganisation with new governance and a structured top management team
- 2023: Initiation of two new production sites to expand capacity in response to growing demand
- 2024: Initial Public Offering (IPO) in July, with shares priced at €2.92

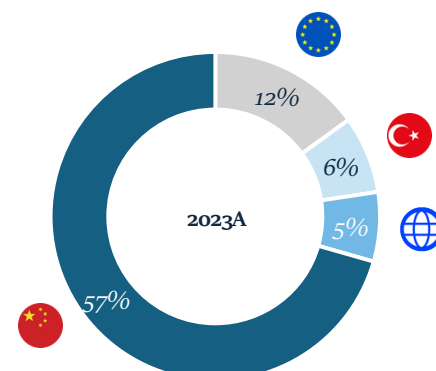
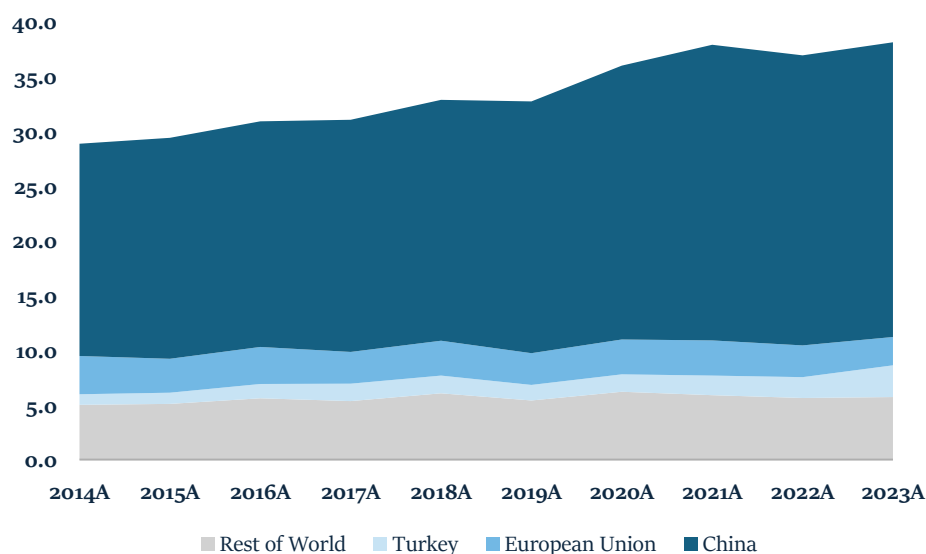
Source: M&S

Definition and specificity of essential oils and aromas

	 Essential oil	 Aroma
Definition	<ul style="list-style-type: none"> • Oily aromatic substance • Made up of one or more substances • The molecules it contains can have medicinal properties 	<ul style="list-style-type: none"> • Provide taste and odour, especially in foods but also other products (toothpastes) • Used in small quantities or even in traces • Have no nutritional quality
Raw materials	<ul style="list-style-type: none"> • Most plants can be used • The quality of the raw material determines the final characteristics of the oils 	<ul style="list-style-type: none"> • Obtained by extraction • Of plant or animal origin or obtained chemically in the laboratory (synthetic flavour) • Synthetic flavour: less expensive and widely used in the food industry
Extraction	<ul style="list-style-type: none"> • Preliminary stage to manufacturing • 4 main extraction methods: <ul style="list-style-type: none"> • By expression • By distillation • By fats or enfleurage • By volatile solvents 	<ul style="list-style-type: none"> • Like essential oils • Two specific methods: <ul style="list-style-type: none"> • Dry distillation • Concentration by dehydration
Product category	<ul style="list-style-type: none"> • Sold pure or mixed • Those mixed are mainly intended for perfumery 	<ul style="list-style-type: none"> • 6 categories of flavouring substances: <ul style="list-style-type: none"> • Natural • Those identical to natural ones • Artificial • Flavouring preparations • Processing & smoke flavours
Markets	<ul style="list-style-type: none"> • Perfumery, cosmetics and hygiene • Detergency • Food • Personal use (aromatherapy) 	<ul style="list-style-type: none"> • Mainly food (also including drinks)

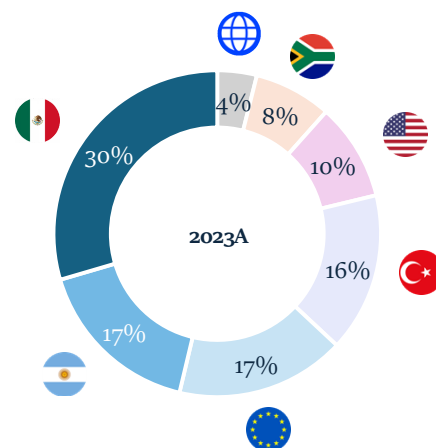
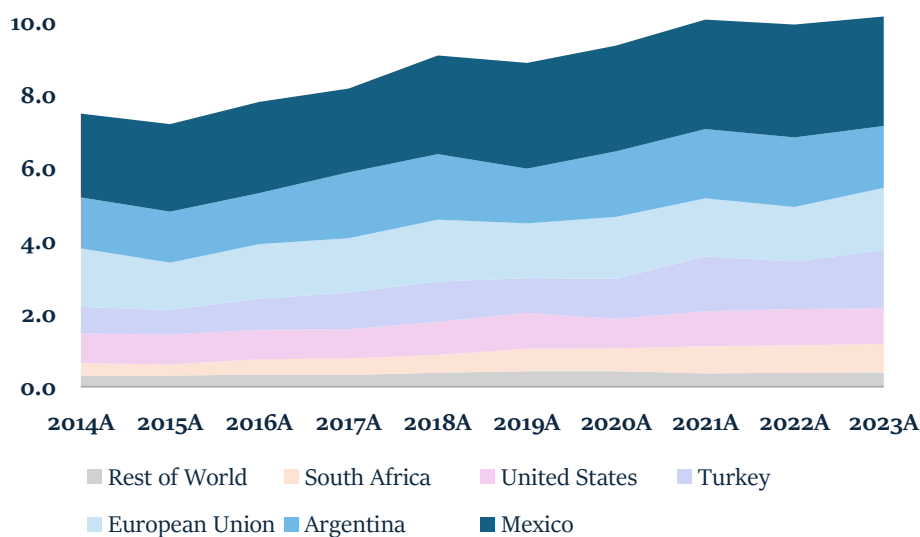
Source: Xerfi

Global mandarin production by country (2014-2023, in million tonnes)



Source: USDA FAS

World lemon production by country (2014-2023, in millions of tons)



Source: USDA FAS

Management team

CEO & Chairman

Antonio Stracuzzi



- Antonio has been the Director of Misitano & Stracuzzi since January 2001
- Head of the Department of Safety and Health at Work and Head of the Sales Department of Essential oils & Aromatic solutions
- Antonio actively participates in sales events. He also maintains business relationships with the company's Italian and foreign customers

Logistics Director

Emanuela Stracuzzi



- Emanuela has been the Director of Misitano & Stracuzzi since January 1995 and is responsible for the Essences Logistics Department and the Juices Logistics Department
- Emanuela stands out as a manager for her continuous relationship with shippers, customs agencies and Italian and foreign customers

Juices Director

Diego Stracuzzi



- Diego has been the Director of Misitano & Stracuzzi since January 2002 and is responsible for the Juice Sales Department. Diego has extensive experience in the marketing industry thanks to the many trade fairs he has attended and his long-standing relationships with Italian and foreign customers.

CFO

Giuseppe Trusso



- Giuseppe graduated from the University of Palermo in Economics and Business Administration. He began his career in 2004 at KPMG, where he held the position of Manager
- In 2015 he joined Sipafer S.p.A, where he headed the AFC department for 5 years
- Since January 2020 he has been Chief Financial Officer

Vice President
Sales USAMelanie Cooksey-
Stott

- Recent arrival at M&S (March 2025)
- Melanie Cooksey-Stott spent more than 20 years with Treatt, a global independent ingredients manufacturer listed on the London Stock Exchange

Source: M&S

Advisory board

Member of the
Strategic Advisory
Board

Daemmon Reeve



- Former CEO of Treatt plc Group, position held from 2012 to end of 2023
- Currently member of several international boards of directors
- Transformed Treatt under his leadership, marked by a significant improvement in the company's performance
- Major achievements: expansion of the US site and recent creation of a subsidiary in China

Member of the
Strategic Advisory
Board

Bhavesh Shah



- Over 30 years of experience in leadership, operations and purchasing
- Held key positions at Procter & Gamble and Firmenich
- Multicultural profile with experience working in London, Geneva, Brussels, Guangzhou and Singapore
- Extensive business exposure in North and South America
- Brings to Misitano & Stracuzzi (M&S) a wealth of international experience

Member of the
Strategic Advisory
Board

















Alain Frix



- Former Vice President Sales at Symrise
- Expertise in financial markets, sustainability and M&A
- Active member of several committees and boards, providing high-level strategic support
- Extensive international network to support M&S development
- Ability to drive growth through strategic and operational expertise

Source: M&S

Selected listed comparable

Peers	Countries	Description	Revenue '23A	Product exposure		Geographical exposure		
				Food	Fragrances	US & Canada	UE	Asia
		Manufacturer and supplier of flavours with a focus on beverages and lemon (53% of its 2023 sales)	€ 147.4m (EBITDA 15.9%)	n.a.	n.a.	42%	23%	7% (China)
		Manufacturer and supplier of natural flavours for the perfume and food industry	€ 721.1m (EBITDA 16.7%)	36%	38%	35%	38%	16%
		Manufacturer and supplier of flavours with a focus on food (c. 60% of its turnover in 2023)	€ 4 752.8m (EBITDA 16.7%)	63%	37%	26%	40% (EMEA)	21%
		Manufacturer of sustainable solutions for the food and pharmaceutical industry	€ 8 020.3m (EBITDA 14.4%)	90%	10%	54%	22%	n.a.
		Producer of spices, condiments, sauces (c. 57% of its 2023 turnover) and food flavourings	c. € 6 300m (EBITDA 18.4%)	100%	0%	70%	20% (EMEA)	10% (APAC)
		Manufacturer and supplier of solutions for food, perfumes and care	c. € 10 800m (EBITDA 17.2%)	53%	21%	30%	34% (EMEA)	23% (APAC)
		Producers of food components (c. 1/4 of its 2023 turnover) including flavourings	€ 10 627.0m (EBITDA 15.9%)	25%	30%	25%	35%	19% (APAC)
		Manufacturers of perfumes and aromas with a strong innovative process	c. € 7 400m (EBITDA 19.7%)	52%	48%	24%	39% (EMEA)	25% (APAC)

Source: corporate data

FINANCIAL DATA

Income Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Sales	41.5	59.0	72.8	85.6	94.1	101.6
Changes (%)	38.0	42.2	23.4	17.5	10.0	8.0
Gross profit	14.0	25.1	29.6	30.4	34.8	39.1
% of Sales	33.7	42.5	40.6	35.5	37.0	38.5
EBITDA	4.3	13.0	15.6	14.1	16.8	19.6
% of Sales	10.4	22.0	21.4	16.5	17.9	19.3
Current operating profit	3.1	11.4	13.9	11.7	13.3	15.7
% of Sales	7.5	19.3	19.1	13.7	14.1	15.4
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	3.1	11.4	13.9	11.7	13.3	15.7
Net financial result	-0.1	-1.2	-1.7	-2.0	-2.0	-2.1
Income Tax	-0.9	-3.1	-3.3	-2.6	-3.0	-3.7
Tax rate (%)	30.5	30.3	27.0	27.0	27.0	27.0
Net profit, group share	2.1	7.1	8.9	7.1	8.2	9.9
EPS	na	0.24	0.30	0.23	0.27	0.33
Financial Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	10.2	13.9	19.1	36.4	33.3	29.8
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.0	0.0	1.0	1.0	1.0	1.0
Working capital	16.6	17.3	37.2	35.4	37.9	39.8
Other Assets	0.1	0.1	0.6	0.6	0.6	0.6
Assets	26.9	31.3	57.9	73.3	72.7	71.2
Shareholders equity group	8.5	14.0	35.5	39.7	44.7	50.6
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	1.0	1.2	1.2	1.2	1.2	1.2
Net debt	16.3	15.1	20.5	31.7	26.2	18.7
Other liabilities	1.0	1.0	0.7	0.7	0.7	0.7
Liabilities	26.9	31.3	57.9	73.3	72.7	71.2
Net debt excl. IFRS 16	16.3	15.1	20.5	31.7	26.2	18.7
Gearing net	1.9	1.1	0.6	0.8	0.6	0.4
Leverage	3.8	1.2	1.3	2.3	1.6	1.0
Cash flow statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
CF after elimination of net borrowing costs and taxes	4.0	11.9	13.9	9.4	11.8	13.9
Δ WCR	-2.3	-4.1	-25.1	1.8	-2.5	-1.9
Operating cash flow	1.7	7.8	-11.2	11.3	9.3	12.0
Net capex	-0.3	-5.2	-6.8	-19.7	-0.5	-0.5
FCF	0.8	0.6	-19.6	-6.4	10.8	13.6
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	1.2	1.5	21.0	0.0	0.0	0.0
Dividends paid	-0.4	-1.9	-5.1	-2.8	-3.3	-4.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	0.1	0.3	17.7	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	2.3	2.5	15.6	-11.2	5.5	7.5
ROA (%)	1.3%	5.2%	14.4%	9.2%	6.7%	7.3%
ROE (%)	7.1%	24.5%	50.7%	25.1%	17.7%	18.4%
ROCE (%)	2.0%	8.1%	23.9%	17.9%	11.8%	13.5%

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This Report may mention evaluation methods defined as follows:

1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
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G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Misitano & Stracuzzi S.p.A

History of investment rating and target price – Misitano & Stracuzzi S.p.A

Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
08 Apr 25 - 08:16:49	Mathias Paladino	NA	€ 4.70	€ 2.43	NA	Buy

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	78%	60%
Hold	16%	68%
Sell	4%	17%
Under review	2%	100%

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